

HELP ?

Your recent searches

This is a list of your 10 most recent searches this session.

Click an item in the **Search** column to view its search results, or go back to Search by Word.

Click the number in the **No.** column to AND the search string to the current search string.

No.	Search	Articles found
<u>10</u>	<u>(TITLE(NewsNet)) AND PDN (> 01/01/1990) AND SEC</u>	0
<u>9</u>	<u>(TITLE(NewsNet)) AND PDN (> 01/01/1990) AND EDGAR</u>	0
<u>8</u>	<u>(TITLE(NewsNet)) AND PDN (> 01/01/1990) AND securities</u>	1
<u>7</u>	<u>(TITLE(NewsNet)) AND PDN (> 01/01/1990) AND securities</u>	0
<u>6</u>	<u>(TITLE(NewsNet)) AND PDN (> 01/01/1990) AND SEC</u>	0
<u>5</u>	<u>(TITLE(NewsNet)) AND PDN (> 01/01/1990) AND EDGAR</u>	0
<u>4</u>	<u>(TITLE(NewsNet)) AND PDN (> 01/01/1990)</u>	16
<u>3</u>	<u>NewsNet AND financial</u>	36
<u>2</u>	<u>NewsNet AND prospectus</u>	0
<u>1</u>	<u>NewsNet</u>	50

Dialog
7/12/99

Set	Items	Description
S1	7	((ELECTRONIC?())VERSION) (S) PROSPECTUS?) AND PY<=1996
S2	5	RD (unique items)
S3	2	S2 AND EDGAR
S4	0	S2 AND CUSIP
File	9:Business & Industry(R)	Jul 1994-1999/Jul 12
	(c) 1999 Resp. DB Svcs.	
File	15:ABI/INFORM(R)	1971-1999/Jul 09
	(c) 1999 UMI	
File	16:PROMT(R)	1972-1999/Jul 12
	(c) 1999 The Gale Group	
File	180:Federal Register	1985-1999/Jul 06
	(c) 1999 LEGI-SLATE, Inc.	
File	485:Accounting and Tax Database	1971-1999/Jul W1
	(c) 1999 UMI	

b411
sf allbus

SMD

Dialog
7/12/99

Set	Items	Description
S1	104	DOWNLOAD? (S) EDGAR
S2	0	S1 AND INUNITY
S3	2	S1 AND NEWSNET
S4	1	RD (unique items)
S5	0	L1 AND CUSIP
File	1:ERIC 1966-1999/Jul	(c) format only 1999 The Dialog Corporation
File	2:INSPEC 1969-1999/Jun W4	(c) 1999 Institution of Electrical Engineers
File	6:NTIS 64-1999/Aug W2	Comp&distr 1998 NTIS, Intl Copyright All Righ
File	7:Social SciSearch(R) 1972-1999/Jul W1	(c) 1999 Inst for Sci Info
File	35:Dissertation Abstracts Online 1861-1999/Jul	(c) 1999 UMI
File	47:Magazine Database(TM) 1959-1999/Jul 12	(c) 1999 The Gale group
File	61:LISA(LIBRARY&INFOSCI) 1969-1999/Jun	(c) 1999 Reed Reference Publishing
File	121:Brit.Education Index 1976-1999/Q2	(c) 1999 British Education Index
File	148:Trade & Industry Database 1976-1999/Jul 12	(c) 1999 The Gale Group
File	202:Information Science Abs. 1966-1999/Mar	(c) Information Today, Inc
File	437:Education Abstracts 1983-1999/Jun	(c) 1999 The HW Wilson Co
File	438:Library Literature 1984-1999/Jun	(c) 1999 The HW Wilson Co

SMD

APB

(FILE 'USPAT' ENTERED AT 10:57:23 ON 12 JUL 1999)

L1 1 S (DOWNLOAD? OR (ELECTRONIC(W)VERSION)) (P) PROSPECTUS?

=> d ti,kwic

US PAT NO: 5,819,092 [IMAGE AVAILABLE] L1: 1 of 1

TITLE: Online service development tool with fee setting
capabilities

DETDESC:

DETD(236)

Levying a fixed fee on a content provider whenever a user views or **downloads** that provider's textual or graphic information from the online service. For example, when a user views or **downloads** a content provider's advertising brochure or investment **prospectus**, a small fee would be levied on the content provider.

SMD

HELP ?

Which database? Which service?: Choosing your home system

Online; Wilton; Nov/Dec 1996; Bates, Mary Ellen;

Volume: 20
Issue: 6
Start Page: 58-65
ISSN: 01465422
Subject Terms: Internet
Online information services
Manycompanies
Guidelines
Online information services
Decision making

Classification Codes: **9150:** *Guidelines*
5250: *Telecommunications systems*
9190: *US*

Geographic Names: US

Abstract:

With the rapid growth of online information systems and the availability of databases on professional and general online services - and on the Internet as well - it is difficult to decide which online system to choose as the primary or home system. Several online services are addressed, including DataTimes, Prodigy, Microsoft Network, and LEXIS-NEXIS. Some broad categories of interest are presented, and the recommendations for the best online sources of information for each: 1. company background, 2. company financial information, 3. computers, 4. current news, 5. education/humanities/social sciences, 6. health and wellness, 7. industry overviews, 8. intellectual property, 9. investments, 10. legal information, 11. medicine/pharmaceuticals, 12. people, 13. politics, 14. reference, and 15. science/technology. No one online system will fill all of a user's information needs. A well-rounded toolkit of online services, including at least one profession online service, one general online service, and access to the Internet.

Full Text:

Copyright Online, Incorporated Nov/Dec 1996

Sometimes it feels like an embarrassment of riches. With the rapid growth of online information systems and the availability of databases on professional and general (sometimes known as consumer) online services-and on the Internet as well-how do you decide which online system you should choose as your primary or home system? The answer depends partly on each online service's characteristics:

Does it have the sources you are most likely to need?

Does the system and its search software make sense to you?

Can you understand, anticipate, and control the costs? Can you get the training, support, and documentation you need to be a cost-effective searcher?

Many researchers keep accounts on several online services, both professional and general, since they know that the most cost-effective or efficient way to find information may not be through their primary online service. Sometimes a source will be available on several online services but only one service offers the power searching tool you need to ferret out the information. The advent of GUI front-end search software makes it more feasible for searchers to jump from one online service to another without

having to master the arcane command structures of several systems.

In addition to the online services covered here (Figure 1), there are hundreds of specialized ones that focus on a particular product, industry, or delivery feature. If you frequently need highly-focused information in a single discipline, you should investigate the specialized online resources available. For example, the CorpTech Database [1] focuses on high-technology and emerging industries, ProQuest [2] offers access to a wide variety of full-text market research reports, and the Computer Installation Data File [3] covers the installed base of computer hardware and software. If you frequently need a photographic image of an article rather than just the ASCII text, you may find that UMI's ProQuest Direct [4] becomes your primary source. If you find that you aren't locating the information you need, do some research (online!) for descriptions or reviews of specialized online services that focus on your specific research needs. An excellent directory of online databases is the two-volume Gale Directory of Databases. [5]

Here are some broad categories of interest and my recommendations of the best online sources-general, professional and Internet-for information on each.

Company Background

See also Company Financial Information to follow.

You can do some basic research for articles on companies through CompuServe's Business Database, Magazine Database, IQUEST, and (during offpeak hours only) Knowledge Index. (Keep in mind, though, that it's possible that CompuServe will scale back or abandon its value-added databases as it migrates to advertiser-supported Web services.) You can also surf the Internet to find companies' home pages-often companies include press releases, product information, and some background information about the company on their Web pages.

However, if you really want a complete and relatively unbiased picture of what a company is doing, and you want it fairly quickly, you probably need to use one of the professional online services. The databases that best cover a broad range of companies (both geographically and in a variety of industries) are UMI's ABI/Inform, and IAC's PROMT and Trade & Industry databases; these are available in various forms on DataStar, DataTimes EyeQ, DIALOG, Dow Jones News/Retrieval, and LEXIS-NEXIS. (ABI/Inform and PROMT are also available on STN and Questel Orbit.) The advantage of the professional online services is that you can search the sources covered by several of these databases simultaneously; this cuts down on both the time required and the likelihood of your selecting and paying for the same article twice in two different databases. (Be sure to take advantage of the duplicate removal feature of DIALOG and DataStar.)

Depending on the depth of research needed, the next step for gathering background on a company could be: Press releases (PR Newswire, Business Wire, and New Product Announcements), generally available on all the professional online services and on individual companies' home pages

Investment house reports (Investext) and market research reports produced by market analysts and consulting companies and covering a specific company or market; available on DataStar, DIALOG, LEXIS-NEXIS, and (for Investext only) Dow Jones News/Retrieval

Company Financial Information If the company is publicly-held and its stock is traded in the U.S., you should start with the company's annual report and IOK (the annual financial statement that must be filed with the U.S. Securities and Exchange Commission). The least expensive way to retrieve 10Ks is

through the SEC's EDGAR program, which provides the electronic version of most 10Ks, 10Qs (quarterly financial report), and several other financial filings via the Internet (<http://www.sec.gov/edgarhp.htm>). You will need to do some editing of the EDGAR documents to remove the special HTML codes that format the document for WWW displays. If you want a clean copy of EDGAR documents without the embedded codes, be sure to download the conversion utility available on the SEC's EDGAR site. [6]

Dow Jones News/Retrieval provides a well-organized overview of **financial** information in its //QUICK report, which is available for both public and private U.S. companies. Standard & Poor's, Moody's and Media General databases all offer **financial** information on major U.S. companies via DIALOG, LEXISNEXIS and to a lesser extent Dow Jones News/Retrieval, **NewsNet**, and DataTimes.

For multinational or non-U.S. companies, the most complete collection of company databases is on DataStar, the only major online system that is based outside the U.S. In addition, the WorldScope database, available on LEXIS-NEXIS, DataTimes, and Dow Jones News/Retrieval, is a good source for financial profiles of international companies. You should also keep an eye on Microsoft Network; it is developing a number of features and services specifically targeted to non-U.S. subscribers and may eventually be a good source for non-U.S. news services.

Computers

To no one's surprise, this is one area that is well-covered by virtually all the online services. America Online, CompuServe, and Prodigy all have areas in which vendors provide online help, software patches and solutions to common problems, and in which computer experts can be found to help you troubleshoot hardware or software problems. Although many hardware and software companies also maintain their own bulletin boards of product information, these usually require a long-distance telephone call. Some product information is available on Microsoft Network and on the Internet home pages of some computer companies, but I have not yet found the level of support that I find on the forums of AOL, CIS, and Prodigy. Of course, if you want information on Microsoft software, MSN is the logical place to start.

For information about the computer industry, the Computer Database (available on CompuServe, DIALOG, LEXIS-NEXIS, and DataStar) is a good resource.

Current News

Both America Online and CompuServe provide good newswire services for late-breaking news. If you need to log on frequently to check for news, NewsNet's real-time news feeds are particularly easy to use. Dow Jones' //CLIP electronic clipping service is easy to set up and will monitor the newswires and save stories that match your profile. Education/Humanities/Social Sciences

The related fields of education, humanities, and social sciences do not have as many online full-text sources as do other disciplines, which is somewhat ironic given that ERIC (Educational Resources Information Center) was one of the very first bibliographic databases to be publicly available online. DIALOG and LEXIS-NEXIS provide the best coverage of social science and education resources, and the Internet can be a source for dissertations, white papers, and information about computeraided education. In addition, America Online is home to some groups that focus on particular social segments or issues, e.g., AARP, Gay and Lesbian groups, teachers and so on.

Health and Wellness

See also Medicine/Pharmaceuticals to follow.

The best sources for information on health-related issues are the discussion forums on America Online, CompuServe, Microsoft Network, Prodigy, and the Internet. Depending on the topic, you may find that one source or another offers the most extensive and reliable information. For example, CompuServe has a particularly good forum on Attention-Deficit Disorder and MSN has a forum dedicated to breast cancer. Support groups are most prevalent on the Internet in Usenet newsgroups; look through those with names starting with alt.support. Of course, be careful to check the sources of your information-anyone with an account on a general online service or access to the Internet can pose as an expert, and you could be ill-served if you based a medical decision on the word of a stranger about whom you know nothing. On the other hand, these discussion forums are excellent vehicles for exchanging tips on how to live with a disease, or finding support for care-givers, or for pointers to additional information on a health-related problem.

Industry Overviews

If you want an insider's view of an industry, start with industry newsletters. The most comprehensive source for these is the NewsNet online service, followed by the Newsletter Database, available on most of the professional online services. You can usually confine your search to a broad industry group, which enables you to use specialized buzzwords and terms of the trade for more precise search results.

In addition, investment reports and market research reports (see Company Background) cover specific industries and often provide an excellent perspective on where an industry is heading. The large magazine databases (ABI/Inform, PROMT and Trade & Industry Database) include trade publications (e.g., Modern 7re Dealer, Food Processing, Security Management) as well as more general business publications such as Fortune or Forbes; these trade publications often have articles providing an end-of-the-year wrap-up or overview or forecast. One effective way to search quickly for industry overview articles is by the truncated forms of the words overview, trend, forecast, or cover story in the title field, and then ANDing that with the industry term in the title and indexing fields. [7]

Another good source for U.S. and international industry information is the STAT-USA collection of databases on the Internet, maintained by the U.S. Department of Commerce (<http://www.stat-usa.gov/>) [8]. STATUSA includes the National Trade Data Bank (export and trade-related information, including information on foreign markets); the National Economic, Social and Environmental Data Bank (U.S. social and economic trends, education, health-related and environmental issues); the Economic Bulletin Board (current press releases regarding economic trends as well as more in-depth economic statistics); Global Business Opportunities Service (clearinghouse of government procurement and business opportunities); and the Bureau of Economic Analysis' economic indicators, plus recent issues of the Survey of Current Business and related economic information. Full access costs \$150 a year; abbreviated versions of these files are available by gopher (<gopher://una.hh.iib.umich.edu:70/11/ebb/>).

Intellectual Property

Intellectual property research is a field in which a little knowledge is indeed a dangerous thing. If a business or legal decision is being made on the basis of your research, it is critical that you use a database that offers the appropriate coverage and depth and that you understand how to conduct as comprehensive a search as possible. If your search misses an existing patent, your company may be prosecuted for patent infringement or waste large sums of money in development costs. If a trademark is already in use and you fail to find it, you lose your use of the trademark. Enormous corporate

expenditures can be at stake here-this is one area where "good enough" usually isn't. It is critical that the researcher understands exactly what is-and is not-covered in each database. Does this file include patents for all countries or just the U.S.? How far back does the file go? Can I search for and display a specific trademarked image? Is this image trademarked only in the U.S. or in other countries as well? Users of KR BusinessBase (KnightRidder's GUI front-end software for business research on DIALOG) should be particularly wary of patent searching. Although there is a search option for patents on KR BusinessBase, it does not provide comprehensive coverage of patent databases, nor does it allow for a thorough search for a particular patent.

Of the major online services reviewed here, the most comprehensive files for intellectual property information (patents, trademarks and copyright) are on Questel Orbit, STN, and DIALOG. Databases include Derwent World Patents Index, U.S. Patents Fulltext, and TRADEMARKSCAN. (Separate TRADEMARKSCAN databases are available for a number of countries' trademark files as well as those for both U.S. federal and state trademark files). Full-text patent files from the U.S. Patent Office are available on DIALOG, LEXIS-NEXIS, and STN. For copyright information, the Library of Congress is the best place to start (telnet://locis.loc.gov or <http://thomas.loc.gov/>). The Library of Congress maintains records of books, magazines, films, music, software, and other copyrightable material registered with the Copyright Office since 1978.

Investments

This is a business-related area in which one general online service shines. Prodigy offers quite a variety of tools for the individual investor, including current quotes for stocks and mutual funds, access to the past two weeks of the Dow Jones News/Retrieval wire services and other news stories, several analysts' columns and commentary on the market, and an extensive variety of stock market analysis tools and tracking programs. Keep in mind, though, that most of these resources are premium services for which additional fees apply.

Of the professional online services, Dow Jones News/Retrieval has the widest variety of investment information sources, which is what you should expect from the publishers of the Wall Street Journal. The menu-driven features make this service particularly easy to use for investors who are not frequent online searchers.

Legal Information

The hands-down favorite for legal information is LEXIS-NEXIS, which began as a legal information resource and expanded into more general research sources later. The primary competitor to LEXIS-NEXIS in terms of legal information is WESTLAW-another online service that began by providing online access to legal opinions and has since expanded to offering gateway access to DIALOG and other information sources. There are some legal sources on the Internet, primarily U.S. Supreme Court cases and links to local or state government files, but these are scattered and by no means comprehensive. Keep in mind, too, that many lower court decisions and other legal information such as local statutes and other public records are simply not available electronically but must be obtained directly from the jurisdiction involved.

Medicine/Pharmaceuticals

The most significant online databases for medical and pharmaceutical information are MEDLINE and EMBASE. MEDLINE, produced by the National Library of Medicine, is accessible directly from NLM or on DataStar, DIALOG, LEXIS-NEXIS, Questel Orbit and STN, as well as through sites on the

Internet and via America Online. EMBASE is available on DataStar, DIALOG, and STN. MEDLINE offers better coverage of clinical medicine and has a very useful hierarchical index of subject terms. EMBASE's strength is its coverage of pharmaceutical treatments and trials. There is about a 35 percent overlap in journals covered by MEDLINE and EMBASE; it often makes sense to search the two files simultaneously and use DIALOG's or DataStar's duplicate removal feature. The other major medical database is BIOSIS Previews, available on DataStar, DIALOG, and STN. Use BIOSIS for biological science research. MEDLINE, EMBASE, and BIOSIS are also available on CompuServe via the IQUEST service.

A number of hospitals maintain home pages on the Internet and some are quite useful. In addition, the medical-related Usenet newsgroups are frequently used by medical researchers to notify peers of new treatment protocols and results of studies. There are also electronically published medical journals on the Internet that are much more timely than printed journals, due to the greatly reduced production time cycle.

People

Online information services are often good ways to locate people or to gather information about individuals [9]. If you are trying to identify a recognized expert in a field, one straightforward way is to search the trade and industry magazines covering that field, find several that either focus specifically on the topic for which you need an expert, or that present an overview of the industry and discussion of trends, and see who is quoted regularly. If the field is one in which experts are expected to publish to establish their credibility (particularly the hard and social sciences), see who has written frequently on the topic. These approaches can be used in any of the professional online services. Keep in mind that most newsletters do not list bylines or authors but the editor of a newsletter may also be an expert on the industry.

Once you have identified some possible experts, you can use one of the ISI citation databases to see how frequently these experts' writings have been cited in others' writings. These databases (SciSearch and Social SciSearch, available on DIALOG and DataStar) index each article cited in a footnote. You can search, for example, on any article written by a specific author to see how frequently that person's writing has been cited by others—an indication that he or she enjoys a good reputation among peers. Of course, this technique only works in industries that expect their experts to write footnoted articles. This would not work well, for example, to identify the best Lotus Notes programmer or an expert on cellular phone designs.

For identifying an expert in a field in which published writing is not critical, the best resource is usually word of mouth. The Internet is a reasonable starting place for identifying someone who enjoys a good reputation among peers; find a Usenet newsgroup focusing on the topic for which you need an expert and ask for referrals.

There are also ways of locating people on the Internet. Although there isn't a single global directory of Internet email addresses, there are several tools for finding an Internet email address. For a very useful compilation of search tools for finding people on the Internet, use the People Finder in the All-in-One search page (http://fl.www.albany.net/allinone/all_luser.html). Politics

For discussions of politics, the liveliest source is the Internet. During a Presidential election year, for example, all the major candidates will establish home pages that provide position papers, recent speeches, and schedules of where the candidates will be visiting next. You can find political discussions on Usenet newsgroups ranging from fans of Rush Limbaugh to latter-day anarchists. These discussions

tend to shed more heat than light, but perhaps that's what the participants enjoy.

If you want to track political news, your best bet, surprisingly, is Dow Jones News/Retrieval. DJN/R has the three major U.S. daily papers-the Wall Street Journal, New York Times, and Washington Post-although its Times archive is limited to 90 days. In addition, Dow Jones offers same-day access to about 60 newspapers, particularly useful if you need to find the reactions to a speech or results of a local primary election. To track local and state politics, search the DT (DataTimes) source code in Dow Jones' Text Library for local newspaper coverage of the issues. For more in-depth coverage of political issues and their impact on a specific industry, search the newsletters in the Industry & Trade Publications section for relevant magazines and newsletters. Search sources such as Federal News Service or CNN Convention Coverage for political news, and industry newsletters such as Washington Telecom News for industry-specific coverage.

Reference

Virtually all the general online services provide access to an encyclopedia, thesaurus, and dictionary, something none of the professional online services can claim. If you need other reference sources, such as a book of popular quotations, the periodic table of elements, or weather service forecasts, your best bet is the Internet. One particularly helpful collection of online reference desks and sources is the Solinet Gopher ([gopher://gopher.solinet.net/](http://gopher.solinet.net/) or <http://www.solinet.net/>). This comprises a collection of electronic reference sources through which you can find anything from Amtrak train schedules to ZIP codes and area codes. If you find a reference tool that you use frequently, remember to mark it in your bookmark or hotlist for easier retrieval.

Science/Technology

Of the online services reviewed here, STN offers the best coverage of science with DIALOG coming in a close second. Most of the sci-tech databases are not yet available in fulltext format online; the challenges to ASCII delivery of scientific articles are the loss of graphics and difficulty in formatting equations. The most commonly-used science/technology databases include INSPEC (a comprehensive index of computers, and electrical and electronic engineering literature), SciSearch (a unique database that allows you to see all the times a given scientific paper was cited in later works or to see a list of all the cites within a given article), Conference Papers Index (particularly useful because papers presented at professional conferences often provide the first printed announcement of a scientific breakthrough or a new perspective on a scientific problem), and CA Search (containing 12 million citations to the literature of chemistry worldwide, corresponding in part to the printed Chemical Abstracts). CA Search is available with citations and index terms on DataStar, DIALOG, and Questel-Orbit; STN maintains an exclusive on the abstracts.

Engineering Information, Inc. produces COMPENDEX PLUS, another high-quality index of engineering articles and conference proceedings. In addition to the COMPENDEX databases on DataStar, DIALOG, Questel Orbit and STN, Ei makes COMPENDEX PLUS available on the Internet through the Ei Village and Ei Connexion (<http://www.ei.org/eihomepage/village/intro.html>). Ei Village is a remarkable Web site-a well-organized resource with comprehensive links to engineering sites throughout the Net, news sources and government databases, as well as to Ei's own database, and is available on a flat-fee basis on Ei Connexion.

The National Technical Information Service, an arm of the U.S. Department of Commerce, maintains a collection of federal government information sources on a gateway service called FedWorld. You can find summaries (and sometimes the full text) of agency reports, files, and statistical spreadsheets through

the bulletin boards accessible on FedWorld (<http://www.fedworld.gov/>). NTIS' own database of government-sponsored research and federal agency research is also a great resource for sci-tech researchers. This for-fee database is available on DataStar, DIALOG, Questel Orbit and STN, and is a useful tool for locating reports and studies.

Internet LISTSERVs and Usenet newsgroups often focus on new technologies, enabling you to tap into the expertise of practitioners in the field. As with medical literature, quite a few electronic journals focused on science and technology are appearing on the Net.

SO MANY OPTIONS, SO LITTLE TIME...

As is obvious from this list, no one online system will fill all your information needs. A well-rounded toolkit of online services, including at least one professional online service, one general online service, and access to the Internet, offers searchers the best chance of having the right source for each research project.

Editor's note: This article is updated and adapted from a chapter of *The Online Deskbook: ONLINE Magazine's Essential Desk Reference for Online and Internet Searchers*, published June 1996 by Pemberton Press. The book is updated quarterly on Online Inc.'s Web site (<http://www.onlineinc.com/pempress>).

[Reference]

REFERENCES

[Reference]

[1] Corporate Technology Information Services, Inc. 800/333-8036 or sales@corptech.com. [2] Profound Inc. 800/270-9896 or <http://www.profound.com/>. [3] Computer Intelligence InfoCorp. 619/450-1667 or <http://www.compint.com/>. [4] ProQuest Direct. 800/521-0600 or <http://www.umi.com/>. [5] Gale Directory of Databases, available in print and on CD-ROM. 800/877-4253 or 72203.1552@compuserve.com. [6] For a review of EDGAR sites and conversion utilities, see Bates, Mary Ellen. "Where's EDGAR Today? Finding SEC Filings Online." DATABASE 19, No. 3 (June/July 1996): pp. 41-50. [7] For excellent tips on searching for overview or cover stories, see Ojala, Marydee. "Covering the Story Searching for Cover Stories." DATABASE 17, No. 1 (February 1994): pp. 83-85. [8] Bates, Mary Ellen. EDITOR'S CHOICE/STAT-USA." DATABASE 19, No. 5 (October/November 1996): p.104. [9] For several excellent columns on using professional online services to find information on people, see Marydee Ojala's THE DOLLAR \$IN column in the September 1994, November 1994, and January 1995 issues of ONLINE.

[Author note]

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because the main text does comply with the sequence requirement.

(52) A fund places its prospectus (information required by Part A of Form N-1A) on its Internet Web site. The fund does not put its Statement of Additional Information ("SAI") (information required by Part B of Form N-1A) on its Web site; instead, it provides a paper copy of its SAI free of to any person that requests it.

Delivery of a paper copy of an SAI does not prevent a fund from satisfying its prospectus delivery requirements electronically.

III. Proposed Amendments

This release is intended to address practices involving electronic delivery that are acceptable under current rules; no substantive changes to filing or delivery requirements are contemplated here. However, in order to make it clear that current rules should be read to encompass electronic as well as paper dissemination, the Commission is proposing in a companion release a number of technical amendments to its rules./52/

Note /52/ See Release No. 33-7234 for the text of those amendments. Rule changes are proposed to be made to the following rules and forms: Rule 253 of Regulation A (17 CFR 230.253); Rule 420 of Regulation C (17 CFR 230.420); Rules 481 and 482 of Regulation C (17 CFR 230.481, 230.482); Rule 605 of Regulation E (17 CFR 230.605); Rule 304 of Regulation S-T (17 CFR 232.304); Forms F-7 (17 CFR 239.37), F-8 (17 CFR 239.38), F-9 (17 CFR 239.39); F-10 (17 CFR 239.40) and F-80 (17 CFR 239.41); Rule 12b-12 (17 CFR 240.12b-12); Rule 13e-3 (17 CFR 240.13e-3); Rule 13e-4 (17 CFR 240.13e-4); Schedule 13E-4F (17 CFR 240.13e-102); Rule 14a-3 (17 CFR 240.14a-3); Rule 14a-5 (17 CFR 240.14a-5); Rule 14a-7 (17 CFR 240.14a-7); Rule 14c-4 (17 CFR 240.14c-4); Rule 14c-7 (17 CFR 240.14c-7); Rule 14d-5 (17 CFR 240.14d-5); Schedule 14D-1F (17 CFR 240.14d-102); Schedule 14D-9F (17 CFR 240.14d-103); and Rule 8b-12 (17 CFR 270.8b-12); Rule 30d-1 (17 CFR 270.30d-1) and Rule 30d-2 (17 CFR 270.30d-2).

IV. Electronic Filing Issues

As emphasized previously, this release addresses only issues relating to electronic delivery of required disclosure documents and does not affect the Commission's electronic filing requirements. However, the Commission recognizes that the same rapid development of electronic communications in recent years that has led to the issuance of this release also has implications for how the Commission should receive, process and make publicly available the documents filed with it pursuant to the federal securities laws. Currently, filings are accepted by the Commission only in the electronic formats prescribed by the EDGAR system, or in paper, where the filer has not yet become subject to mandated electronic filing requirements or where there is an exemption pursuant to the electronic filing rules. While EDGAR may be modified in the future to accept and process a broader array of electronic formats, there may be ways to allow the filing of documents prepared and delivered in other electronic media on a more expedited timetable. As the Commission continues with its review of this area, it intends to issue additional releases. Comment on the costs and benefits to filers and the federal government with respect to these issues should be provided by persons submitting comment on these issues.

V. Solicitation of Comment

Any interested persons wishing to submit written comments relating to the views expressed in this release, or with respect to the rule proposals in the companion release, are invited to do so by submitting them in triplicate to Jonathan G. Katz, Secretary, U.S. Securities and Exchange Commission, 450 Fifth Street, N.W., Washington, D.C., 20549. Commenters

should refer to File Number S7-31-95. Comment is requested not only on the specific issues discussed on the release, but on any other approaches or issues that should be considered in connection with facilitating the use of electronic media to further the disclosure purposes of the federal securities laws. Comment is sought from the point of view of both parties providing the disclosure, such as issuers and those acting on behalf of issuers, and parties receiving and using the disclosure, such as investors and shareholders. The Commission further requests comment on any competitive burdens that might result from the adoption of the proposals. Comments on this inquiry will be considered by the Commission in complying with its responsibilities under Section 23(a) of the Exchange Act./53/
Note /53/ 15 U.S.C. 78w(a).

List of Subjects in 17 CFR Parts 231, 241, and 271

Securities.

Amendment of the Code of Federal Regulations

For the reasons set out in the preamble, Title 17 Chapter II of the Code of Federal Regulations is amended as set forth below:

PART 231--INTERPRETIVE RELEASES RELATING TO THE SECURITIES ACT OF 1933 AND GENERAL RULES AND REGULATIONS THEREUNDER

1. Part 231 is amended by adding Release No. 33-7233 and the release date of October 6, 1995, to the list of interpretive releases.

PART 241--INTERPRETIVE RELEASES RELATING TO THE SECURITIES EXCHANGE ACT OF 1934 AND GENERAL RULES AND REGULATIONS THEREUNDER

2. Part 241 is amended by adding Release No. 34-36345 and the release date of October 6, 1995, to the list of interpretive releases.

PART 271--INTERPRETIVE RELEASES RELATING TO THE INVESTMENT COMPANY ACT OF 1940 AND GENERAL RULES AND REGULATIONS THEREUNDER

3. Part 271 is amended by adding Release No. IC-21399 and the release date of October 6, 1995, to the list of interpretive releases.

Dated: October 6, 1995.

By the Commission.

Jonathan G. Katz,
Secretary.

(FR Doc. 95-25391 Filed 10-12-95; 8:45 am)

BILLING CODE 8010-01-P

LEGAL PUBLICATIONS:

Pub. Law 73-22 SEC. 2 10 5 17 -- Securities Act of 1933

Pub. Law 73-291 SEC. 16 14 10 17 -- Securities Exchange Act of 1934

Pub. Law 76-768 SEC. 30 -- Investment Company Act of 1940; Investment
Advisors Act of 1940

HELP ?

Waving the baton: NewsNet's new search interface

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Abstract:

The question with NewsNet's new Baton search interface, as with other search interfaces, lies in its utility rather than outward appearance. NewsNet obviously hopes that searchers will like both the presentation and functionality of its new software. Baton is a Windows-based program designed to ease the search process while incorporating all the sophistication power searchers expect. The initial Baton screen contains 16 icons representing major information sources and special places on NewsNet. There are 2 modes of searching: Boolean and Concept. In an effort to help searchers with strategy, Baton provides 3 assists: Index, Variants and Related. The most annoying thing about Baton 1.0 was its refusal to let the user break out of a search. Now, in 1.1 the user sees a nice box smack in the middle of the screen to tell him or her what is happening. People who search infrequently will find Baton extremely useful.

Full Text:

Copyright Online, Incorporated Mar/Apr 1996

The online world has become considerably more colorful with the advent of the graphical user interfaces (GUIs) that every host seems to be springing on us now. The icon for NewsNet's new Baton search interface sports a fluorescent green background with the hand of one relay racer passing a baton to the hand of another runner. Luckily, the main command screen eschews fluorescence, but is still bright enough to catch your attention.

The question with Baton, as with other search interfaces, lies in its utility rather than outward appearance. Does color brilliance equate to design brilliance? Are searchers as dazzled by search performance as by icon coloration? Is host performance as intense and robust as the shade of its icons? NewsNet obviously hopes that searchers will like both the presentation and functionality of its new software.

DIVERSE BEGINNINGS

NewsNet has a somewhat checkered past. It began as an online purveyor of full-text newsletters with a rudimentary interface. Over the years, NewsNet has proven flexible, fast on its feet, and capable of the un-zebra-like feat of changing its stripes. On the content side, NewsNet expanded its offerings beyond newsletters to company and financial information, including Dun & Bradstreet's and TRW's company credit reports, American Business Information's company directory file, INVESTEXT's securities analyst reports, the Standard & Poor's (S&P) company directory, and Analy\$t stock quotes.

Wire services are another major category of NewsNet's information sources. PR Newswire, BusinessWire, UPI, Associated Press, Reuters, Jiji Press, Xinhua, and Agence France Press appear in close-to-real-time on NewsNet. This is not to say that NewsNet gave up on newsletters.

Concomitantly with its expansion into other information content, NewsNet added hundreds of newsletter titles. To paraphrase the Energizer bunny commercials, NewsNet keeps growing and growing and growing.

On the technical side, new commands and search features have been added over the years. The latest iteration of technical improvements involves an entirely new computer platform for the full system. The new search engine is Personal Library Software (PLS). This increases the speed of searching, at least in command mode, and permits relevanceranked concept searching.

It has been a busy year for NewsNet. Most companies make the switch to a new platform then worry about an interface. Not NewsNet. They decided to do both at once. If there are a few deficiencies in the final product, you can understand why. But given NewsNet's past track record, you can bet the glitches will be fixed quickly. Remember, this is the one and only host in the industry to implement the Fixit command.

ALL THE COLORS OF THE RAINBOW

Baton is a Windows-based program designed to ease the search process while incorporating all the sophistication power searchers expect. Baton is free to all NewsNet subscribers. Version 1.0 shipped in September and Version 1.1 was sent in November to subscribers who had used Version 1.0. I found the initial installation of Baton 1.0's two disks took only about 30 seconds. The set-up screens required a little longer since I had to look up the telephone number to enter and scroll through the list of modem types to find mine. There is no auto-detect function for selecting modems types and COM ports.

Choices for baud rate go up to 28.8. Baton installed and worked just fine on my Windows 95 Pentium machine, as well as with Windows 3.11, which I run on a 486. A Macintosh version is under consideration.

Installing Baton 1.1 was more interesting since I chose to download the software directly from NewsNet. The only problem I had was figuring out where Procomm decided to place the files I'd downloaded. I found them in PROWIN2 \ DNLOAD. Then it was simplicity itself to actually transfer the files to diskettes and load the files back into the Baton group. My only gripe is that, for a second time, I had to look up the telephone number (NewsNet does have a scrollable list of telephone numbers on this setup screen but they are only U.S. and Canadian numbers, not Danish) and scroll the list of modem types. NewsNet assures me that the next upgrades will be able to read this information from your previous installation. That data is now stored in an NNUSER.INI file and put in your Windows directory, rather than in the Baton directory. Those who wondered where the baud rate choices were in Baton 1.0 for 14.4 and 28.8 will be relieved to see that they are included in the setup screen for Baton 1.1. A third setup

screen, not in 1.0, asks for subscriber information. Click the "current subscriber" box (if you are one), and you're done. Otherwise fill out the screen.

Baton comes without a manual, but context-sensitive online help is the equivalent. The help messages are succinct, but reasonably comprehensive. Since we are constantly told that no one reads manuals anyway, NewsNet may be onto something here by simply not supplying one. Besides,

who needs more clutter on the office bookshelf? If you don't find what you're looking for in the offline help menus, you can send a mail message to NewsNet. That's what I usually do, since I'm in such a different time zone. They are very good about responding electronically. I should note, though, that telephone calls to the help desk are handled expeditiously. NewsNet has the advantage of being a relatively small company. There is rarely anyone there who is not clued-in to the big picture, or who can't refer you to the correct person to answer your question.

WHAT COLOR IS YOUR PARACHUTE?

The initial Baton screen contains 16 icons representing major information sources and special places on NewsNet. You can:

Go directly to current awareness electronic clippings held in your mailbox (Retrieve NewsFlash Hits)

*Establish a search strategy for continuous monitoring (NewsFlash Profiles)

*Do a text search in a specific newsletter title or industry category of newsletters (Text Search)

*Use NewsNet's Scan command (Scan Headlines for newsletters or Scan Wires for wire services) To look for company data, choose among four iconed sources:

*TRW (TRW Business Profiles)

*Standard & Poor's Corporate Descriptions or Corporate FirstFacts (Standard & Poor's)

*American Business Information's company directory (ABI Business Lists)

*Dun & Bradstreet data (D&B Company Reports)

Accessing the D&B reports may require that you sign a separate contract. You can also check corporate stock quotes (Analy\$t). You can grab individual articles (Retrieve Articles) or entire newsletter issues (Retrieve Full Issues). Flight planning is available through the OAG gateway (OAG Travel Services). NewsNet even has an icon for its own newsletter (NewsNet's Online Bulletin). If you are an experienced NewsNet searcher and want keyboard control, click on the Native Mode icon.

The toolbar includes the same Native Mode icon (a picture of several keyboard keys) along with icons for printing, connecting/disconnecting, email box, capturing a search session to disk, edit, paste, fax, and project tracking. Help is represented by a large yellow question mark. At the bottom of the screen are boxes that report progress and connections.

HUEING THE LINE: AN ONLINE SEARCH

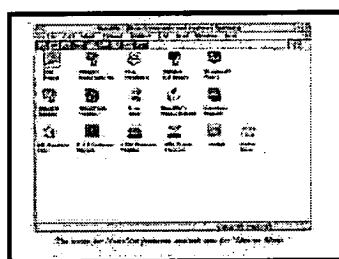
An actual search begins with the Text Search icon. Click the icon and a search template appears. If

you're using Baton 1.0, this screen is black and white. If the screen is white boxes on a gray background, you're using Baton 1.1. NewsNet says it will not color code future releases of Baton, however. The gray and white will stay. The default is Concept searching in all text fields of all publications for the latest month. You may wish to change some of these choices, which is easily accomplished by a click of the mouse. The alternative to Concept searching is Boolean. For fields, you can choose the headline field by itself or a combination headline/lead paragraph field. Date parameters can be the most recent issue, a single date, all dates, or a date range.

Rather than search all 800 NewsNet sources, you can enter database codes-two-letter acronyms for industry categories or two-letter-plus-number codes for individual newsletter titles. The latter, by the way, are now called "Title Codes" by NewsNet. They were previously known as "Service Codes." NewsNet also uses "Source Codes," which pull together all publications by the same publisher, and "Category Codes," which are geographical regions or sub-industry specialties. Since no one can memorize all the codes, NewsNet nicely provides a complete list of sources that you can scroll through offline.

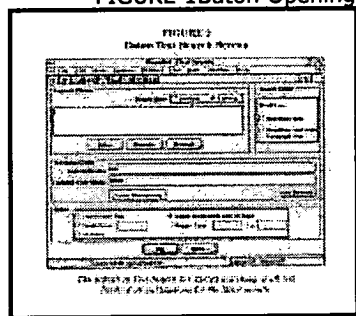
SEARCH ASSISTANTS

In a misguided effort to help searchers with strategy, Baton provides three assists-Index, Variants, and Related. These should suggest additional terms for your search strategy. But they are seriously flawed. All three require you to be online before they work. All three result in a box with terms listed. Highlight one you like and click on it to add (as an ORed term) to your strategy.



[Enlarge 200%](#)
[Enlarge 400%](#)

FIGURE 1Baton Opening Screen



[Enlarge 200%](#)
[Enlarge 400%](#)

FIGURE 2Baton Text Search Screen

Suppose one of your search terms is "Clinton." Highlight it in the search strategy box and click on Index. Baton asks if you really want to connect to NewsNet. Click OK. When you are indeed connected, you are told in the box at the lower right-hand corner of the screen. You can't miss it. It has that familiar florescent green background. The Index Results are presented in a box as a list of terms alphabetically similar to Clinton. This is similar to the DIALOG EXPAND command or the DataStar and Dow Jones News/Retrieval ROOT command. A major difference and major drawback-is that Baton provides no hit counts for those terms. Even though you can peek at words in alphabetical proximity, you don't know how many times they have occurred in the databases. Here is a list of Index Results:

CLINQA CLINS CLINT CLINTEC CLINTO CLINT00426 CLINTOCK CLINTOM *CLINTON*

CLINTONCARE CLINTONDALE CLINTONESQUE CLINTONG CLINTOSISM CLINTONITE
CLINTONIES CLINTONOMICS CLINTONS CLINTONUS CLINTONVILLE CLINTONWISE
CLINTOP CLINTRACE CLINTRIAL CLINTRIALS CLINTSURY CLINTWOOD CLINVEST CLIO
CLIONTON

You can also highlight the same term and click on Variants. This list contains words spelled similarly to Clinton, not the straight alphabetic list as in Index. The distinction remains subtle enough to confuse me. In the Index list, I assume that Clintong is a typo, and I suspect in the Variants list that Clanton and Clantons may be typos, but Baton gives no hint as to the importance of these possible misspellings. If I knew each had only occurred once, I would assume misspelling. But with no hit counts, it's difficult to judge the importance of alternative terms. This is the Variants list:

CANTONI CLANTON CLANTONS CLIFTON CLIMENTO CLINETON CLINGSTONE CLINGTON
CLINITRON CLINON CLINT CLINTEC CLINTO CLINTO0426 CLINTOCK CLINTOM CLINTON
CLINTONCARE CLINTONDALE CLINTONESQUE CLINTONG CLINTONISM CLINTONITE
CLINTONITES CLINTONOMICS CLINTONS CLINTONUS CLINTONVILLE CLINTONWISE
CLINTOP

The third option is even more weird. Related provides a list of words that most often occur in the same articles as the lookup word. Now here you get some extremely strange results. Note that Baton is not suggesting that these are synonyms, only that they occur frequently in articles mentioning Clinton. Remember, the system can't tell whether I mean Clinton as in the President or some other Clinton. So the first thing it suggests is ILLINOVA, the second is CLINTON, the third is LEGGOONS, and the fourth is 0000062525. Most of the remainder of the list are numbers. Illinova has been in the news because of its involvement with the Clinton nuclear power plant. There are 63 hits in all of NewsNet on Illinova. The second suggestion is the search term itself, a suggestion I found rather odd. The third, with only three hits in all of NewsNet, is a company that makes oversized flannel shirts and Snooggels (girls' sportswear). The president is J.S. Clinton. The fourth suggestion, the number, is the ZIP code for Illinova and appears seven times.

A search for recent articles on the business of using transgenic animals for biotechnology research suggested as Variants such terms as 37246E and GZTC. Also mentioned were various animals used for such research, such as rabbits and goats. As with Clinton, the list was not ranked by number of occurrences. GZTC is the stock symbol for Genzyme Transgenics, a company in the transgenic animal business, and 37246E is its CUSIP number. The variants for transgenic were more useful than those for Clinton, suggesting companies in the industry. But none were really worth adding to the search strategy.

One of the problems lies in the fact that, even if you're searching within an Industry Code or a Title Code, the three search assistants-Index, Variants, and Related-search all the sources on NewsNet. In the transgenic animal example above, every stock symbol and CUSIP number came from Standard & Poor's. Clinton as CEO and the ZIP codes were also an S&P contribution. As with any multifile search, it is a bad idea to randomly combine different types of information sources. Unfortunately, this is something beyond NewsNet's control and caused solely by the PLS platform. Personally, I'd avoid all three so-called assists unless you feel the need to indulge in some colorful language as you view the results.

HUE AND CRY: BOOLEAN ENHANCEMENTS

Boolean searching is familiar to professional searchers. Those who have been frustrated in the past with NewsNet's limitations in this area will be tickled pink to discover that the new platform accepts such things as nested logic. You can actually search for (scandinavia or denmark or norway or sweden or

finland) near/5 ((teLePhone* or telecom*) and regulat*). Your search phrase can now run up to 256 characters, and you can use wild cards creatively. The "*" in the above search is a multiplecharacter wildcard that retrieves any term that starts with REGULAT. Internal wild card symbols can be for a single character (wom?n retrieves both WOMAN and WOMEN) or zero to one character (labo\$r retrieves both LABOR and LABOUR).

Proximity operators include the W/n to find words within "n" number of words of each other in the order specified (share 3 market retrieves SHARE OF THE MARKET but not MARKET SHARE). Tb search terms, regardless of their position, use NEAR (share near/3 market retrieves both SHARE OF THE MARKET and MARKET SHARE).

Stemming is another interesting addition to NewsNet's search capabilities. It is set to ON when you're doing a Concept search (w at ch retrieves WATCH, WATCHES, WATCHABLE, etc.), but to OFF for Boolean searches. If you're in Boolean mode, you can either choose your truncation with the "i" operator or you can use "+" to limit the truncation to terms that have your term as the stem. This is the difference between retrieving RUN, RUNNING, and RUNS (all have RUN as the root word, or stem) versus RUNG, RUNT, and RUNWAY (truncation retrieves any word that begins with RUN).

These Boolean enhancements can all be used either with the Baton interface or in Native Mode.

TINTING AT WINDMILLS: CONCEPT SEARCHING

Concept searching is fundamentally different from Boolean searching. Using PLS search algorithms, Baton presents searchers with a relevancyranked group of search results rather than a date-ordered list. A relevancy graph in bright blue is your first search result. This shows a picture of how ontarget your results were. After that, you can view results as headlines, in KWIC format, or as full-text documents. You can also ask Baton to analyze occurrences of search terms in the first 40 hits. If you choose KWIC, the next default is to view the first five hits. You can change the number or you can click on All Hits. What is missing is the opportunity to ask for the next five hits, after you've viewed the first five. You can ask for the first ten hits, but then you have to look at the first five again. (It would just make my brown eyes blue if they could fix this.)

There is a big difference between the number of results in concept searching and Boolean searching. A search for market share in enzyme technology retrieved 6228 hits in Concept and ten in Boolean. The top stories were the same however, but displayed in a different order. The Concept search displays in relevancy order; the Boolean in date order. I found this to be generally true with Baton searches.

If you're after quantity, Concept will definitely produce. If your search topic is fairly well-defined and can be adequately expressed in Boolean terminology, you won't see major differences between Concept search results and Boolean. For searches where the issues are not well-defined, a Concept search provides more relevant articles-along with some totally irrelevant ones, of course.

A WHITER SHADE OF PALE: FINE-TUNING THE SEARCH

After you've viewed headlines from a Concept or Boolean search, you can Query by Headline # or modify the search. Click on Modify and you're back to the main text search template screen. Confusingly, the status bar at the bottom of the screen continues to read Processing Headline results... It might be better if a Modify screen were developed to suggest how to narrow a search.

Query by Headline # is a new search, which means you lose the previous search results. Here Baton

picks up a new group of articles supposedly similar to a selected article. This is similar to the LEXISNEXIS MORE command, which also limits you to one article for iterative searching. It also resembles DowQuest. With DowQuest, however, you can search on up to three articles or three paragraphs within an article.

Answers in DowQuest are limited to the most recent 16 documents. Answers in NewsNet seem to be unlimited. The Boolean search on enzyme market share, for example, retrieved ten items. I asked to Query By Example (QBE) on Headline # 4 to throw in the idea of Japan. The results were staggering: 10,854 hits! This is common in QBE. When I viewed the results in KWIC, the first item retrieved was the original article. The others seemed to have little to do with Japan. So I ran through the first 20 headlines. Estimated relevancy for the first article was 100, not too surprising since it was the model. Headlines 2 and 3 were ranked with a 62 percent relevance, Headline 4 with a 61 percent relevance. Only the first 21 items ranked over 50 percent in relevancy, leading me to assume that QBE didn't know what it was looking for anymore than I did.

BREAKING THE COLOR BARRIER: CAUTIONS

The most annoying thing about Baton 1.0 was its refusal to let you break out of a search. Now, in 1.1 you see a nice red-bordered box smack in the middle of your screen telling you what is going on-"Retrieving RELATED information..." or "Search in progress..." for example-with a nice big Cancel button to click on to interrupt the search.

Regardless of whether you choose to search in Boolean or Concept modes, from a cost standpoint you should be aware that entering your initial search strategy is free since it is done offline. However, once you authorize Baton to log onto NewsNet, you are connected not just through the process of this search and the subsequent retrieval of documents, but also while you close screens and enter a new search. Granted, the cost of being online while not actually retrieving information is quite low, but it is still a cost. The budget-conscious searcher may want to be sure that second searches are formulated after logging off from the first search. The one drawback that remains-even after NewsNet's re-engineering, its new PLS platform, and new Baton software-is the inability to allow searchers to build sets. Query by Example is only a partial solution.

FLASHY OR A FLASH IN THE PAN?

Should you use Baton to conduct your searches or should you pass the Baton to someone else? Is it flashy or a flash in the pan? For me, the answers are mixed.

I find that I prefer Native Mode when it comes to NewsFlash. It seems more intuitive that way. Text searching, on the other hand, is frequently better using the Baton template. For one thing, I can think offline. But more than that, using Concept searching provides answers new and different from Boolean searching. I like the improvements in the Boolean search possibilities. I find the Concept search answers interesting.

I am convinced that people who search infrequently will find Baton extremely useful. I am equally convinced that people who resisted the former NewsNet interface will love this one. Likewise, people who were quite comfortable with the former interface will appreciate the accommodations NewsNet has made for them. Although I find room for improvement in Baton, overall, you can color me satisfied.

For more information about NewsNet and Baton, contact NewsNet at 800/345-1301.

[Author note]

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Internet marketing strategies: An invisible revolution?

Anonymous

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ABSTRACT: Excerpts from a panel discussion about marketing on the global Internet are presented. Panelists were Rob Raisch of the Internet Co., Andrew Frank of Ogilvy & Mather Interactive, and Zack Leonard of Fidelity Investments. Frank believes that marketers tend to fall into 2 camps - sales promoters and advertisers. Fidelity took the notion of an investor center and created that in cyberspace and is taking that across many channels. The company's strategy has been one of ubiquity, and its Internet site was really the first sort of major one across the board. Fidelity's Online Investor Center on the Internet was launched in February 1995 and now, with about 9 months of experience, the company is pretty much a veteran in the field. Fidelity has been very strict not to simply repurpose content online and not to put educational guides online but to really think about how they are most appropriately suited for the electronic medium. In its 9 months of experience, the company has found that for approximately every dollar that is put into start-up costs, there is roughly 4 to 5 times that in ongoing maintenance costs.

TEXT: EDITOR'S NOTE: The following is an excerpt from the Condex/Fall panel discussion on marketing on the global Internet. On the panel were Rob Raisch, chief scientist of the Internet Co. of Cambridge, Mass.: Andrew Frank, of Ogilvy & Mather Interactive; and Zack Leonard, of Fidelity Investments.

Rob Raisch: One of the most important aspects of marketing online is the establishment of a relationship with the customer. I think this is a pointer toward a new way of looking at business traditionally. I think Intel has found that if you ignore the needs of your customer in a world where your customer has the same enablement -- the same communications technology that you have to communicate with them -- you're really cruising for a bruising.

Andrew Frank: I am Andrew Frank, and I am the principal for technical design at Ogilvy & Mather Interactive. And I come to interactive marketing from the creative side of technology. I was a video game designer before this and did financial training systems, so I'm a bit of a marketing outsider. But I got into this business about four years ago, and I don't have to tell you it's been quite a ride. I don't know too many folks in 1991 who would have predicted that in four years we'd be seeing URLs and TV commercials, print ads, billboards, buses, and skywriting. But this is Comdex, and everyone is talking about computers and networks and new technology, so I'd like to break it up a bit and talk about contemporary marketing in general, as I see it, and then look at it in the new media context. Inactive marketing, after all, is still marketing. So first I'd like to establish a position. Marketers tend to fall into two camps: sales promoters and advertisers. Now promoters are a fairly hardheaded bunch. They'll tell you that the best use of your marketing dollars is to promote

your products directly to consumers and in trade publications. They emphasize targeting and direct response as primary weapons, and they will offer as evidence their effectiveness -- immediate increases in volume as a direct result of their endeavors. Think telemarketing. Now advertisers, on the other hand, like to talk about brands. They'll tell you that they understand the value of promotion, but they'll argue that loyalty brand building [and] advertising is a far more profitable long-term strategy and that, properly developed and managed, a good brand becomes the company's strongest asset in the marketplace. Now, needless to say, at Ogilvy & Mather we are first and foremost in the advertising business. That doesn't mean that direct marketing takes a back seat to blanket coverage, but it does mean that fundamental to everything we do is the notion that all communication should support a brand, which is a

Raisch: Next Zack Leonard, Fidelity Investments, will give us a real-world case study of what they've done online, what they've tried to accomplish and whether or not they have accomplished it.

Zack Leonard: Thank you very much. OK. What I'm going to be doing now is speaking exactly from the marketer's perspective, exactly what our experience has been on the Internet and, hopefully, leave you with some practical advice as to some things to think about and [actual] considerations to make as far as organization goes. As far as an agenda, I think Robert mentioned this earlier, I'll be speaking about what our activities were and actually getting the Web site going, [as well as] how we're going so far.

Actually, [I will discuss] how we're doing so far and where we'll be going with the site [in the] longer term. If your intention is simply to sell a product online or actually just get your brand name up there, you're not fully using the opportunity that the Net really provides, and there are three things to think about. It's really putting it in terms of what can you do to [use] the medium to make the content relevant for your users or visitors, if you will -- in our case, customers. What can you do to add value to their experience, either in giving them information or actionable solutions that make sense to them? And, finally, [what about] the ever-present reason to come back? I think that's extremely important and something that we have taken very seriously. I'll take just a moment and tell you a little bit about Fidelity. I was going to ask for a show of hands of how many of you are actually Fidelity customers in some form or another. Quite a few. It won't be any surprise, then, when I actually reveal that we have over 20 million customer accounts, combining our retail and institutional businesses. We are the nation's leading mutual-fund provider, as well as the second-largest discount broker. We are now also the largest 401K provider, with over \$350 billion in assets under management in total. What this means internationally is three different continents basically handling our business. Our traditional channels of distribution -- as a little bit of context of why got into the electronic channel at all -- is rounded by the phone mail and bricks and mortar, if you will, our retail operations. We have an extensive phone operation [that] integrates quite tightly with our electronic endeavors, which currently [are] operated in five phone sites across four cities in the country. On average, we're receiving just about half a million phone calls per day. Our in-house print production, storage and distribution capabilities all handle that of Covington, Ky., [and this] is an end-to-end print and distribution channel. I mentioned our investor centers, which are in over 80 locations across 38 states. You can pretty much find a Fidelity Investor Center. Now we took the notion of an investor center and created that in cyberspace and are taking that across many channels. Our strategy has been one of ubiquity, and our Internet site was really the first sort of major one across the board. We have had a presence on Prodigy, actually, since 1992, and many of you may be aware of our proprietary trading tool known as Fidelity Online Express, which is a DOS-based product that has been out in the arena since '92, as mentioned. Our Online Investor Center on the Internet was launched in February and now, with about nine months of

experience, we're pretty much a veteran in the field. That was a first effort of our galvanized electronic marketing effort. What we have done is really gear toward building a fourth distribution channel in the full sense to harness the digital technologies that we have and take the content that is uniquely Fidelity, be that mutual-fund data or portfolio manager presence; electronic communication, where users can actually communicate directly to Fidelity; and, eventually, transactions. Objectives that came out of that mission were really threefold. We need to satisfy the needs of a growing population of investors who are wanting to do business electronically; take their activities and some of the more routine ones, for instance, and migrate them to the electronic channel; and, lastly, in total really uphold our corporate positioning of delivering information and, systems, [by] more than simply putting out education, but to actually have actionable solutions that investors can use. I wanted to point out that as far as the sort of people who are ready for the Net, our customer base is actually quite wired, and over a year ago we did some research where over 60 percent of our customers had PCs in the home at that time, only half of whom had modems. But I don't need to tell anyone in this audience that the modem availability in PCs today is driving that number up, and we're looking at about three-quarters of our customer base now being fully wired and [having] access to either the Internet or one of the commercial online services. As far as efficiency, I think [the] average decision-making process of making an investment is a complicated one. It's an emotional one. Generally, it has a lot of details to it. And the online medium is perfect for that to be able to present detailed information, allow users and investors to go through that information and also have the ability to make a mistake and not be embarrassed, if you will, which might occur in a person-to-person environment. So, there are lots of benefits, obviously, to going to the electronic medium. As far as the home page in our Internet activities, I'd like to take you through some of the thinking there. What we had to do was basically rethink how we do our business. We're working in a highly regulated industry. It's something that had processes both internal and external that have to be upheld at all times. There were recourse considerations, and I'll get into some of these in a very specific way, but I think the main message was that we had to look at the content we were planning on putting online and actually think about the whole new way of presenting that. As far as how we had to look at the business in a new way, I think the clean-slate metaphor is quite apt in that we work in a very paper-intensive environment, and all of those who raise their hands and indicated they were Fidelity customers will appreciate [this] -- they're probably receiving at least one piece of mail from us every week. As far as taking that to a paperless environment, our intention is to do that as swiftly [and] as efficiently as possible over time, and we are working currently with the SEC to further all of the different types of documents that we can actually provide online. So imagine never having to receive a **prospectus** again in the mail but actually [being] able to simply access our server and download the **prospectus** that applies to both the funds you currently own, as well as funds you're interested in owning in the future. As far as working through other regulatory issues I will speak to those more specifically later. As far as looking at content, I think my colleagues on the podium both mentioned this notion of simply repurposing content online. We have been very strict on ourselves not to do that and not to put our educational guides online but to really think about how they [are] most appropriately suited for the electronic medium. Fidelity has a lot of unique content. We have portfolio managers that the customers are constantly wanting to talk to. We offer seminars in our investor centers, and what better way [is there] to use the electronic medium than to actually have online seminars? And that's in our plans moving forward. Making it fun and interactive is of absolute paramount importance. We have a section called contest and games, and it is one of our most popularly visited sections. Right now, we have a 'Guess the Dow' contest, and in previous iterations we've had investment challenge games where investors can create their own portfolios and work against the markets to see how they're doing. Keeping content fresh and current -- I've spoken about that. As far as resources, the investment is

substantial. A lot of you are probably hoping I'm going to tell you exactly how much we've spent, and I'm just not going to do that. However, I will say this: What we are finding in our nine months of experience is that pretty much for every dollar that you put in the start-up costs, we're seeing roughly four to five times that in ongoing maintenance costs. So that was something you know, quite frankly, we did not realize was going to be so substantial in terms of just keeping it on ongoing business. Certainly not to the volumes that we're seeing. As far as people, you have entirely new roles that you've never had before. Many of the folks here, I think, can appreciate this new role of a production editor, an online editor. This is something that was not really needed for the paper-based world, and we are assembling our group and redefining and mostly having to go outside for resources that are appropriately lined up for that. The financial considerations, overall, can be great, but I think what you put in is exactly what you'll get out over time. I'm going to talk about two specific things. One is content development, and keeping it updated is one idea, and then separately managing the ripple effect through the organization. I talked about the **prospectuses**. This is probably the most important document or piece of content in a mutual-fund purchase decision. It is legally required to be delivered to a shareholder. Fidelity has really led the way in the paper-based world as far as what this document says and what it looks like. We did quite a bit of work in the '80s to really shape this up, put it into language that was understandable by the general audience, not to mention making it look sort of nice and user-friendly, if you will, from a paper-based world. Well, that was all well and good, but when we got to screen design and [tried] to think about how to get this in there, we really had to rethink all over again. And if I can underscore anything today, that's you will have to really relook at some of your processes. As far as the **electronic version**, what we had to do was move from a two-column format to a single format for the obvious scrolling reasons that you can imagine. We had to do a couple of other things. One was strictly adhere to the SEC guidelines that a user be presented with and read the **prospectus** prior to accessing an account application. We had to preserve the integrity of the document, and these are all generated and managed internally, as well as printed and produced internally, and to be able to access that process, rather than replicate it completely [to] start building our X variant version or the **electronic version** of the **prospectus** was vital. And the third thing that we had to do was keep it user-friendly and appropriate to the medium, and I spoke about single-column format. We used the Acrobat readers solution. This made a lot of sense for us because of all those reasons. It's a right protected document, it offers hypertext ability so our table of contents, for instance, can actually jump a user quickly to the account application, but we won't tell the SEC that. Managing the ripple effect through the organization, I have touched on some of these elements. All of the content that we produced has to be vigorously legally approved. The legal organization within Fidelity actually had to reorganize themselves to meet the needs of the electronic channel. When we first launched on Prodigy some four years ago, we were actually reviewing paper-based screens, so once we had designed a screen we printed it out and forwarded it to our online investor center effort then. And that was four years ago, [it] was about 1,000 pages, and we are probably 10 to 15 times that now on any of the other online investor's centers that we offer on America Online, Microsoft Network and the Web, so what this meant was saying hello, [legally] -- time to get your computers running and actually review information online and, happily, that has worked quite smoothly, and we have broken up the legal department crew in various ways. We have channel managers; others are Microsoft network legal reviewers. We also have content managers so that there [are] mutual-funds data reviewers that go across all of the different channels. The customer service organization I spoke about are phone representatives. They are a living, breathing channel for Fidelity, having to actually be quite verse in whatever we have in the electronic channel because it's very likely that users will visit our online investor center, and if they have a particular question or if it comes up in the context of another discussion, the phone reps actually have

to be able to talk [about] any of the offerings we have there. If we launch a new interactive tool we first launch it on the retail workstation, as well call it, or the phone representative's workstation so that they can have a preview and play with it for several weeks before it goes public. There is a very high likelihood that users will then ask questions, and the reps are versed to talk about it. As far as advertising, I think we believe that it's important to include the URL address within the advertising that we produce, but it goes a lot further than that. I think the whole intermedia relationship is something that we are looking at very seriously and making sure that an ad, rather than just [having] our URL address, speaks in the context of the message. So if it's a Magellan fund ad it talks about the fact that you can actually receive and download the **prospectus** through our online investors center directly. Ultimately, all of these things in streamlining the organization and changing the processes have given us great efficiencies [in] turnaround time. Overall, the legal compliance, advertising, communications, marketing, etc., support groups have undergone a very heavy reorganization over the past nine months or so; many of the processes that they go through now are quite revolutionary, as far as our industry goes. One thing that we actually do within the electronic marketing group is take a newsroom or editorial type of a model. We meet on Mondays to review the upcoming content. There are assignments built across the board, various people have different responsibilities. We have some folks that focus on the news; others that focus on more intermediate types of content like data that needs to be changed on a monthly basis; and then we also get into more permanent content that has longer lead times. Those are reviewed. We then reconvene on Wednesday afternoons when we are reviewing visitor or user comments to the sites and tweak and refine appropriately so that we can have everything staged by Thursday and leave by Friday. Ultimately, again, this is bringing us closer to the customer. We have kept to a one-week turnaround in general. Certainly, if there is any kind of market event or something that we need to address specifically about a product or service, we can turn that around in a day or a matter of hours. All of the investor centers are manned centrally through our group, and it makes it quite easy to change that. But now that we're built, what's been going on? Have people actually come? Yes, they have. I think we, like most of you who are familiar with the Net, have moved beyond just measuring hits in the absolute manner. In fact, what we are looking at now is about 30 to 50,000 daily average visits or hits to the site. This down turn you're looking at in the chart in September, believe it or not, is good news. What we did was launch a complete redesign of our graphic home page, which I'll show you in a second. And that [helped us] think about the content from a horizontal standpoint.

What are people most interested in seeing? And we had obviously received data on that over time and were able to take that very real information and convert it into a navigational organization that really kept to the three-click rule, if you will, and not vary data. So fewer hits is actually a good thing in this relationship.

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ABSTRACT: There are quite a few information resources available online. It is important to have access to one professional online service, access to the Internet and access to one general online service. These options enable the information resources individual to have the correct source for each research project that is completed.

TEXT:

Sometimes it feels like an embarrassment of riches. With the rapid growth of online information systems and the availability of databases on professional and general (sometimes known as consumer) online services--and on the Internet as well--how do you decide which online system you should choose as your primary or home system? The answer depends partly on each online service's characteristics:

Does it have the sources you are most likely to need?

- * Does the system and its search software make sense to you?
- * Can you understand, anticipate, and control the costs?
- * Can you get the training, support, and documentation you need to be a cost-effective searcher?

Many researchers keep accounts on several online services, both professional and general, since they know that the most cost-effective or efficient way to find information may not be through their primary online service. Sometimes a source will be available on several online services but only one service offers the power searching tool you need to ferret out the information. The advent of GUI front-end search software makes it more feasible for searchers to jump from one online service to another without having to master the arcane command structures of several systems.

In addition to the online services covered here (Figure 1), there are hundreds of specialized ones that focus on a particular product, industry, or delivery feature. If you frequently need highly-focused information in a single discipline, you should investigate the specialized online resources available. For example, the CorpTech Database (1) focuses on high-technology and emerging industries, Profound (2) offers access to a wide variety of full-text market research reports, and the Computer Installation Data File (3) covers the installed base of computer hardware and software. If you frequently need a photographic image of an article rather than just the ASCII text, you may find that UMI's ProQuest Direct (4) becomes your primary source. If you find that you aren't locating the information you need, do some research (online!) for descriptions or reviews of specialized online services that focus on your specific research needs. An excellent directory of online databases is the two-volume Gale Directory of Databases. (5)

Here are some broad categories of interest and my recommendations of the best online sources--general, professional and Internet--for information on each.

Company Background

See also Company Financial Information to follow.

You can do some basic research for articles on companies through CompuServe's Business Database, Magazine Database, IQUEST, and (during off-peak hours only) Knowledge Index. (Keep in mind, though, that it's possible that CompuServe will scale back or abandon its value-added databases as it migrates to advertiser-supported Web services.) You can also surf the Internet to find companies' home pages--often companies include press releases, product information, and some background information about the company on their Web pages.

However, if you really want a complete and relatively unbiased picture of what a company is doing, and you want it fairly quickly, you probably need to use one of the professional online services. The databases that best cover a broad range of companies (both geographically and in a variety of industries) are UMI's ABI/Inform, and IAC's PROMT and Trade & Industry databases; these are available in various forms on DataStar, DataTimes EyeQ, DIALOG, Dow Jones News/Retrieval, and LEXIS-NEXIS. (ABI/Inform and PROMT are also available on STN and Questel*Orbit.) The advantage of the professional online services is that you can search the sources covered by several of these databases simultaneously; this cuts down on both the time required and the likelihood of your selecting and paying for the same article twice in two different databases. (Be sure to take advantage of the duplicate removal feature of DIALOG and DataStar.)

Depending on the depth of research needed, the next step for gathering background on a company could be:

- * Press releases (PR Newswire, Business Wire, and New Product Announcements), generally available on all the professional online services and on individual companies' home pages

- * Investment house reports (Investext) and market research reports produced by market analysts and consulting companies and covering a specific company or market; available on DataStar, DIALOG, LEXIS-NEXIS, and (for Investext only) Dow Jones News Retrieval

Company Financial Information

If the company is publicly-held and its stock is traded in the U.S., you should start with the company's annual report and 10K (the annual financial statement that must be filed with the U.S. Securities and Exchange Commission). The least expensive way to retrieve 10Ks is through the SEC's **EDGAR** program, which provides the electronic version of most 10Ks, 10Qs (quarterly financial report), and several other financial filings via the Internet (<http://www.sec.gov/edgarhp.htm>). You will need to do some editing of the **EDGAR** documents to remove the special HTML codes that format the document for WWW displays. If you want a clean copy of **EDGAR** documents without the embedded codes, be sure to **download** the conversion utility available on the SEC's **EDGAR** site. (6)

Dow Jones News Retrieval provides a well-organized overview of financial information in its //QUICK report, which is available for both public and private U.S. companies. Standard & Poor's, Moody's and Media General databases all offer financial information on major U.S. companies via DIALOG, LEXIS-NEXIS and to a lesser extent Dow Jones News/Retrieval, **NewsNet**, and DataTimes.

For multinational or non-U.S. companies, the most complete collection of company databases is on DataStar, the only major online system that is based outside the U.S. In addition, the WorldScope database, available on LEXIS-NEXIS, DataTimes, and Dow Jones News/Retrieval, is a good source for financial profiles of international companies. You should also keep an eye on Microsoft Network; it is developing a number of features and services specifically targeted to non-U.S. subscribers and may eventually be a good source for non-U.S. news services.

Computers

To no one's surprise, this is one area that is well-covered by virtually all the online services. America Online, CompuServe, and Prodigy all have areas in which vendors provide online help, software patches and solutions to common problems, and in which computer experts can be found to help you troubleshoot hardware or software problems. Although many hardware and software companies also maintain their own bulletin boards of product information, these usually require a long-distance telephone call. Some

product information is available on Microsoft Network and on the Internet home pages of some computer companies, but I have not yet found the level of support that I find on the forums of AOL, CIS, and Prodigy. Of course, if you want information on Microsoft software, MSN is the logical place to start.

For information about the computer industry, the Computer Database (available on CompuServe, DIALOG, LEXIS-NEXIS, and DataStar) is a good resource.

Current News

Both America Online and CompuServe provide good newswire services for late-breaking news. If you need to log on frequently to check for news, **NewsNet**'s real-time news feeds are particularly easy to use. Dow Jones' //CLIP electronic clipping service is easy to set up and will monitor the newswires and save stories that match your profile.

Education/Humanities/Social Sciences

The related fields of education, humanities, and social sciences do not have as many online full-text sources as do other disciplines, which is somewhat ironic given that ERIC (Educational Resources Information Center) was one of the very first bibliographic databases to be publicly available online. DIALOG and LEXIS-NEXIS provide the best coverage of social science and education resources, and the Internet can be a source for dissertations, white papers, and information about computer-aided education. In addition, America Online is home to some groups that focus on particular social segments or issues, e.g., AARP, Gay and Lesbian groups, teachers and so on.

Health and Wellness

See also Medicine/Pharmaceuticals to follow.

The best sources for information on health-related issues are the discussion forums on America Online, CompuServe, Microsoft Network, Prodigy, and the Internet. Depending on the topic, you may find that one source or another offers the most extensive and reliable information. For example, CompuServe has a particularly good forum on Attention-Deficit Disorder and MSN has a forum dedicated to breast cancer. Support groups are most prevalent on the Internet in Usenet newsgroups; look through those with names starting with alt.support. Of course, be careful to check the sources of your information--anyone with an account on a general online service or access to the Internet can pose as an expert, and you could be ill-served if you based a medical decision on the word of a stranger about whom you know nothing. On the other hand, these discussion forums are excellent vehicles for exchanging tips on how to live with a disease, or finding support for care-givers, or for pointers to additional information on a health-related problem.

Industry Overviews

If you want an insider's view of an industry, start with industry newsletters. The most comprehensive source for these is the **NewsNet** online service, followed by the Newsletter Database, available on most of the professional online services. You can usually confine your search to a broad industry group, which enables you to use specialized buzzwords and terms of the trade for more precise search results.

In addition, investment reports and market research reports (see Company Background) cover specific industries and often provide an excellent perspective on where an industry is heading. The large magazine databases (ABI/Inform, PROMT and Trade & Industry Database) include trade publications (e.g., Modern Tire Dealer, Food Processing, Security Management) as well as more general business publications such as Fortune or Forbes; these trade publications often have articles providing an end-of-the-year wrap-up or overview or forecast. One effective way to search quickly for industry overview articles is by the truncated forms of the words overview, trend, forecast, or cover story in the title field, and then ANDing that with the industry term in the title and indexing fields.

(7)

Another good source for U.S. and international industry information is the STAT-USA collection of databases on the Internet, maintained by the U.S. Department of Commerce (<http://www.stat-usa.gov/>) (8). STAT-USA includes the National Trade Data Bank (export and trade-related

information, including information on foreign markets); the National Economic, Social and Environmental Data Bank (U.S. social and economic trends, education, health-related and environmental issues); the Economic Bulletin Board (current press releases regarding economic trends as well as more in-depth economic statistics); Global Business Opportunities Service (clearinghouse of government procurement and business opportunities); and the Bureau of Economic Analysis' economic indicators, plus recent issues of the Survey of Current Business and related economic information. Full access costs \$150 a year; abbreviated versions of these files are available by gopher (gopher://una.hh. lib.umich.edu:70/11/ebb/).

Intellectual Property

Intellectual property research is a field in which a little knowledge is indeed a dangerous thing. If a business or legal decision is being made on the basis of your research, it is critical that you use a database that offers the appropriate coverage and depth and that you understand how to conduct as comprehensive a search as possible. If your search misses an existing patent, your company may be prosecuted for patent infringement or waste large sums of money in development costs. If a trademark is already in use and you fail to find it, you lose your use of the trademark. Enormous corporate expenditures can be at stake here--this is one area where "good enough" usually isn't.

It is critical that the researcher understands exactly what is--and is not--covered in each database. Does this file include patents for all countries or just the U.S.? How far back does the file go? Can I search for and display a specific trademarked image? Is this image trademarked only in the U.S. or in other countries as well? Users of KR BusinessBase (Knight-Ridder's GUI front-end software for business research on DIALOG) should be particularly wary of patent searching. Although there is a search option for patents on KR BusinessBase, it does not provide comprehensive coverage of patent databases, nor does it allow for a thorough search for a particular patent.

Of the major online services reviewed here, the most comprehensive files for intellectual property information (patents, trademarks and copyright) are on Questel*Orbit, STN, and DIALOG. Databases include Derwent World Patents Index, U.S. Patents Fulltext, and TRADEMARKSCAN. (Separate TRADEMARKSCAN databases are available for a number of countries' trademark files as well as those for both U.S. federal and state trademark files). Full-text patent files from the U.S. Patent Office are available on DIALOG, LEXIS-NEXIS, and STN. For copyright information, the Library of Congress is the best place to start (telnet://locis.loc.gov or http://thomas.loc.gov/). The Library of Congress maintains records of books, magazines, films, music, software, and other copyrightable material registered with the Copyright Office since 1978.

Investments

This is a business-related area in which one general online service shines. Prodigy offers quite a variety of tools for the individual investor including current quotes for stocks and mutual funds, access to the past two weeks of the Dow Jones News/Retrieval wire services and other news stories, several analysts' columns and commentary on the market, and an extensive variety of stock market analysis tools and tracking programs. Keep in mind, though, that most of these resources are premium services for which additional fees apply.

Of the professional online services, Dow Jones News/Retrieval has the widest variety of investment information sources, which is what you should expect from the publishers of the Wall Street Journal. The menu-driven features make this service particularly easy to use for investors who are not frequent online searchers.

Legal Information

The hands-down favorite for legal information is LEXIS-NEXIS, which began as a legal information resource and expanded into more general research sources later. The primary competitor to LEXIS-NEXIS in terms of legal information is WESTLAW--another online service that began by providing online access to legal opinions and has since expanded to offering gateway access to DIALOG and other information sources. There are some legal sources on the Internet, primarily U.S. Supreme Court cases and

links to local or state government files, but these are scattered and by no means comprehensive. Keep in mind, too, that many lower court decisions and other legal information such as local statutes and other public records are simply not available electronically but must be obtained directly from the jurisdiction involved.

Medicine/Pharmaceuticals

The most significant online databases for medical and pharmaceutical information are MEDLINE and EMBASE. MEDLINE, produced by the National Library of Medicine, is accessible directly from NLM or on DataStar, DIALOG, LEXIS-NEXIS, Questel*Orbit and STN, as well as through sites on the Internet and via America Online. EMBASE is available on DataStar, DIALOG, and STN. MEDLINE offers better coverage of clinical medicine and has a very useful hierarchical index of subject terms. EMBASE's strength is its coverage of pharmaceutical treatments and trials. There is about a 35 percent overlap in journals covered by MEDLINE and EMBASE; it often makes sense to search the two files simultaneously and use DIALOG's or DataStar's duplicate removal feature. The other major medical database is BIOSIS Previews, available on DataStar, DIALOG, and STN. Use BIOSIS for biological science research. MEDLINE, EMBASE, and BIOSIS are also available on CompuServe via the IQUEST service.

A number of hospitals maintain home pages on the Internet and some are quite useful. In addition, the medical-related Usenet newsgroups are frequently used by medical researchers to notify peers of new treatment protocols and results of studies. There are also electronically-published medical journals on the Internet that are much more timely than printed journals, due to the greatly reduced production time cycle.

People

Online information services are often good ways to locate people or to gather information about individuals (9). If you are trying to identify a recognized expert in a field, one straightforward way is to search the trade and industry magazines covering that field, find several that either focus specifically on the topic for which you need an expert, or that present an overview of the industry and discussion of trends, and see who is quoted regularly. If the field is one in which experts are expected to publish to establish their credibility (particularly the hard and social sciences), see who has written frequently on the topic. These approaches can be used in any of the professional online services. Keep in mind that most newsletters do not list bylines or authors but the editor of a newsletter may also be an expert on the industry.

Once you have identified some possible experts, you can use one of the ISI citation databases to see how frequently these experts' writings have been cited in others' writings. These databases (SciSearch and Social SciSearch, available on DIALOG and DataStar) index each article cited in a footnote. You can search, for example, on any article written by a specific author to see how frequently that person's writing has been cited by others--an indication that he or she enjoys a good reputation among peers. Of course, this technique only works in industries that expect their experts to write footnoted articles. This would not work well, for example, to identify the best Lotus Notes programmer or an expert on cellular phone designs.

For identifying an expert in a field in which published writing is not critical, the best resource is usually word of mouth. The Internet is a reasonable starting place for identifying someone who enjoys a good reputation among peers; find a Usenet newsgroup focusing on the topic for which you need an expert and ask for referrals.

There are also ways of locating people on the Internet. Although there isn't a single global directory of Internet email addresses, there are several tools for finding an Internet email address. For a very useful compilation of search tools for finding people on the Internet, use the People Finder in the All-in-One search page (<http://www.albany.net/allinone/alluser.html>).

Politics

For discussions of politics, the liveliest source is the Internet. During a Presidential election year, for example, all the major candidates will establish home pages that provide position papers, recent speeches,

and schedules of where the candidates will be visiting next. You can find political discussions on Usenet newsgroups ranging from fans of Rush Limbaugh to latter-day anarchists. These discussions tend to shed more heat than light, but perhaps that's what the participants enjoy.

If you want to track political news, your best bet, surprisingly, is Dow Jones News Retrieval. DJN/R has the three major U.S. daily papers--the Wall Street Journal, New York Times, and Washington Post--although its Times archive is limited to 90 days. In addition, Dow Jones offers same-day access to about 60 newspapers, particularly useful if you need to find the reactions to a speech or results of a local primary election. To track local and state politics, search the DT (DataTimes) source code in Dow Jones' Text Library for local newspaper coverage of the issues. For more in-depth coverage of political issues and their impact on a specific industry, search the newsletters in the Industry & Trade Publications section for relevant magazines and newsletters. Search sources such as Federal News Service or CNN Convention Coverage for political news, and industry newsletters such as Washington Telecom News for industry-specific coverage.

Reference

Virtually all the general online services provide access to an encyclopedia, thesaurus, and dictionary, something none of the professional online services can claim. If you need other reference sources, such as a book of popular quotations, the periodic table of elements, or weather service forecasts, your best bet is the Internet. One particularly helpful collection of online reference desks and sources is the Solinet Gopher (<gopher://gopher.solinet.net/> or <http://www.solinet.net/>). This comprises a collection of electronic reference sources through which you can find anything from Amtrak train schedules to ZIP codes and area codes. If you find a reference tool that you use frequently, remember to mark it in your bookmark or hotlist for easier retrieval.

Science/Technology

Of the online services reviewed here, STN offers the best coverage of science with DIALOG coming in a close second. Most of the sci-tech databases are not yet available in fulltext format online; the challenges to ASCII delivery of scientific articles are the loss of graphics and difficulty in formatting equations. The most commonly-used science/technology databases include INSPEC (a comprehensive index of computers, and electrical and electronic engineering literature), SciSearch (a unique database that allows you to see all the times a given scientific paper was cited in later works or to see a list of all the cites within a given article), Conference Papers Index (particularly useful because papers presented at professional conferences often provide the first printed announcement of a scientific breakthrough or a new perspective on a scientific problem), and CA Search (containing 12 million citations to the literature of chemistry worldwide, corresponding in part to the printed Chemical Abstracts). CA Search is available with citations and index terms on DataStar, DIALOG, and Questel*Orbit; STN maintains an exclusive on the abstracts.

Engineering Information, Inc. produces COMPENDEX PLUS, another high-quality index of engineering articles and conference proceedings. In addition to the COMPENDEX databases on DataStar, DIALOG, Questel*Orbit and STN, Ei makes COMPENDEX PLUS available on the Internet through the Ei Village and Ei Connexion (<http://www.ei.org/eihomepage/village/intro.html>). Ei Village is a remarkable Web site--a well-organized resource with comprehensive links to engineering sites throughout the Net, news sources and government databases, as well as to Ei's own database, and is available on a flat-fee basis on Ei Connexion.

The National Technical Information Service, an arm of the U.S. Department of Commerce, maintains a collection of federal government information sources on a gateway service called FedWorld. You can find summaries (and sometimes the full text) of agency reports, files, and statistical spreadsheets through the bulletin boards accessible on FedWorld (<http://www.fedworld.gov/>). NTIS' own database of government-sponsored research and federal agency research is also a great resource for sci-tech researchers. This for-fee database is available on DataStar, DIALOG,

Questel*Orbit and STN, and is a useful tool for locating reports and studies.

Internet LISTSERVs and Usenet newsgroups often focus on new technologies, enabling you to tap into the expertise of practitioners in the field. As with medical literature, quite a few electronic journals focused on science and technology are appearing on the Net.

SO MANY OPTIONS, SO LITTLE TIME...

As is obvious from this list, no one online system will fill all your information needs. A well-rounded toolkit of online services, including at least one professional online service, one general online service, and access to the Internet, offers searchers the best chance of having the right source for each research project.

Editor's note: This article is updated and adapted from a chapter of The Online Deskbook: ONLINE Magazine's Essential Desk Reference for Online and Internet Searchers, published June 1996 by Pemberton Press. The book is updated quarterly on Online Inc.'s Web site (<http://www.onlineinc.com/pempress>).

FIGURE 1 Online Services Covered in This Article

GENERAL SERVICES

America Online 800/827-6264 fulfill2@aol.com <http://www.aol.com>

CompuServe Information Services 800/848-8990 70006.101@compuserve.com
<http://www.compuserve.com>

Microsoft Network 800/386-5550 <http://www.msn.com/>

Prodigy 800/776-3449 <http://www.prodigy.com/>

PROFESSIONAL SERVICES

DataStar Information Retrieval Service 800/334-2564

customer@corp.dialog.com <http://www.rs.ch/www/rs/datastar.html>

DataTimes 800/642-2525 datatime@datatimes.com <http://www.enews.com>

Dow Jones News/Retrieval 609/452-1511 djnr.support@cor.dowjones.com
<http://bis.downjones.com/index.html>

LEXIS-NEXIS 800/346-9759 <http://www.lexis-nexis.com/>

NewsNet 800/345-1301 custserv@newsnet.com <http://www.newsnet.com/>

Questel.Orbit 800/893-4632 infor@questel.orbt.com

<http://www.questel.orbit.com/>

STN International 800/848-6533 help@cas.org

<http://info.cas.org/stn/html>

WESTLAW 800/733-2889 westpub@research.westlaw.com

<http://www.westpub.com/WLAWInfo/wlawhme.htm>

Internet Resource References

EDGAR <http://www.sec.gov/edgarhp.htm>

Usenet newsgroups on Health and Wellness alt.support

STAT-USA <http://www.stat-usa.gov/>

STAT-USA, abbreviated version gopher://una.hh.lib.umich.edu:70/11/ebb/

Library of Congress, Copyright Information <telnet://locis.loc.gov> or
<http://thomas.loc.gov>

All-in-One's People Finder <http://www.albany.net/allinone/alluser.html>

Solinet Gopher gopher://gopher.solinet.net/or <http://www.solinet.net/>

Ei Village <http://www.ei.org/eihomepage/village/intro.html>

FedWorld <http://www.fedworld.gov>.

REFERENCES

(1) Corporate Technology Information Services, Inc. 800/333-8036 or sales@corptech.com. (2) Profound Inc. 800/270-9896 or <http://www.profound.com>. (3) Computer Intelligence InfoCorp. 619/450-1667 or <http://www.compint.com/>. (4) ProQuest Direct. 800/521-0600 or <http://www.umi.com/>. (5) Gale Directory of Databases, available in print and on CD-ROM. 800/877-4253 or 72203.1552@compuserve.com. (6) For a review of EDGAR sites and conversion utilities see Bates, Mary Ellen. "Where's EDGAR Today? Finding SEC Filings Online." DATABASE 19, No 3 (June/July 1996): pp. 41-50. (7) For excellent tips on searching for overview or cover stones, see Ojala, Marydee. "Covering the Story: Searching for Cover Stories." DATABASE 17, No. 1 (February 1994): pp. 83-85. (8) Bates, Mary Ellen. Editor's Choice--"STAT-USA." DATABASE 19, No. 5 (October/November

1996): p. 104. (9) For several excellent columns on using professional online services to find information on people, see Marydee Ojala's The Dollar \$ign column in the September 1994, November 1994, and January 1995 issues of ONLINE.

Mary Ellen Bates is the principal of Bates Information Services, providing research and information consultation services to businesses and special libraries. She is an active member of the Special Libraries Association and current president of the Association of Independent Information Professionals (AIIP). She received her M.L.S. degree from University of California, Berkeley, and has been an online searcher since 1979.

Communications to the author should be addressed to Mary Ellen Bates, Bates Information Services; 202/332-2360; mbates@access.digex.net or www.access.digex.net/mbates/.

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SPECIAL FEATURES: illustration; table

DESCRIPTORS: Online services--Usage

PRODUCT/INDUSTRY NAMES: 7375000 (Database Vendors); 4811500 (Specialized Telecom Services)

SIC CODES: 7375 Information retrieval services; 4822 Telegraph & other communications

FILE SEGMENT: TI File 148

2/9/5 (Item 2 from file: 180)
DIALOG(R) File 180: Federal Register
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Comment by: 19951127
CONTACT INFORMATION: Joseph Babits; or; James Budge, 202-942-2910; Robert
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17 CFR Parts 231, 241 and 271

(Release No. 33-7233; 34-36345; IC-21399 File No. S7-31-95)

RIN 3235-AG67

Use of Electronic Media for Delivery Purposes

AGENCY: Securities and Exchange Commission.

ACTION: Interpretation; Solicitation of comment.

SUMMARY: The Securities and Exchange Commission (the "Commission") is publishing its views with respect to the use of electronic media for information delivery under the Securities Act of 1933, the Securities Exchange Act of 1934, and the Investment Company Act of 1940. This interpretive guidance is intended to assist market participants in using electronic media to provide information under the federal securities laws and to encourage continued research and development and use of such media. The Commission is seeking comment on issues discussed in this release. In a companion release, the Commission is proposing technical amendments to Commission rules that are currently premised on the distribution of paper documents.

DATES: This Interpretation is effective on October 6, 1995. Comments

should be received on or before November 27, 1995.

ADDRESSES: Comments should be submitted in triplicate to Jonathan G. Katz, Secretary, Securities and Exchange Commission, 450 Fifth Street, NW, Stop 6- 9, Washington, D.C. 20549. Comment letters should refer to File No. S7-31-95.

All comments received will be available for public inspection and copying at the Commission's Public Reference Room, 450 Fifth Street, NW, Washington, D.C. 20549.

FOR FURTHER INFORMATION CONTACT: Joseph Babits or James Budge (202) 942-2910, Division of Corporation Finance; and, with regard to questions concerning investment companies or investment advisers, Robert G. Bagnall or Emanuel D.

Strauss (202) 942-0660, Division of Investment Management, U.S. Securities and Exchange Commission, 450 Fifth Street, NW, Washington, D.C. 20549.

SUPPLEMENTARY INFORMATION:

I. Introduction

The Commission today is publishing its views with respect to using electronic media as a means of delivering information required under the Securities Act of 1933 ("Securities Act"), 1 the Securities Exchange Act of 1934 ("Exchange Act"), 2 and the Investment Company Act of 1940 ("Investment Company Act"). 3 Advances in computers and electronic media technology are enabling companies to disseminate information to more people at a faster and more cost-effective rate than traditional distribution methods, which have been largely paper-based. The Commission appreciates the promise of electronic distribution of information in enhancing investors' ability to access, research, and analyze information, and in facilitating the provision of information by issuers and others. The Commission believes that, given the numerous benefits of electronic distribution of information and the fact that in many respects it may be more useful to investors than paper, its use should not be disfavored.

Note 1 15 U.S.C. 77a et seq.

Note 2 15 U.S.C. 78a et seq.

Note 3 15 U.S.C. 80a-1 et seq.

Until recently, on-line use of corporate information was generally limited to large corporations and institutional investors. The dramatic growth in personal computer ownership, 4 however, is enabling many small investors to access on-line corporate information just as readily as institutions. Access to information through electronic means permits small investors to communicate quickly and efficiently with companies as well as with each other.⁵

Note 4 While estimates of computer ownership vary from survey to survey, it is anticipated that computer ownership will grow dramatically in the next few years. One recent survey suggests that nearly half of all American households own at least one computer and about 16% of those households that own a computer subscribe to on-line services. See B. L. McLaughlan, "Wired Nations: Half of U.S. Homes Now Have a Computer," The Detroit News, July 21, 1995, Meet News section. Another survey, however, found that only 31% of American households own a personal computer. See J. Morrison, "Hot Modems, Cold Lives: Refugees From Cyberspace," The New York Times, April 30, 1995, Section 1, col. 2, p. 45.

Note 5 See, G. Weiss, "Online Investing--At Your Fingertips Is A Powerful

Use of electronic media also enhances the efficiency of the securities markets by allowing for the rapid dissemination of information to investors and financial markets in a more cost-efficient, widespread, and equitable manner than traditional paper-based methods. Recognizing the multiple benefits of electronic technology, the Commission initiated its Electronic Data Gathering, Analysis, and Retrieval ("EDGAR") system in 1984 to automate the receipt, processing and dissemination of disclosure documents filed with the Commission under the Securities Act, Exchange Act and Investment Company Act. 6 As a result of this automation, filings made with the Commission through EDGAR are available promptly to the public and financial markets.

Today, more than 70% of all domestic public companies file electronically through EDGAR, and by May 1996, all domestic registrants will be required to file electronically through EDGAR. 7

Note 6 Access to EDGAR filings is generally available through information resellers that have purchased the data from the EDGAR dissemination subsystem and created a variety of on-line and CD-ROM versions. At the present time, 20 firms purchase data and create value-added products for analysts and the investor community. In addition, there is strong interest in ensuring that EDGAR documents are available, especially to individual investors, at the lowest possible cost. In January 1993, the New York University School of Business and the Internet Multicasting Service, a non-profit organization, received a grant from the National Science Foundation to make most EDGAR material available on the Internet. This grant expired on October 1, 1995.

The Commission recently announced that it would package EDGAR filings with its own separate Internet service. This service, which began September 28, 1995, makes EDGAR filings as well as certain Commission releases and announcements available on the Internet. The Internet World Wide Web site address is <http://www.sec.gov>.

Note 7 In order to encourage the rapid dissemination of additional information considered valuable by many members of the investment community, the Commission today is announcing its intention to expand the capacity of the EDGAR system to accommodate the electronic filing of ownership and transaction reports filed pursuant to Section 16 of the Exchange Act (15 U.S.C. 78p) and Rule 144 (17 CFR 230.144) under the Securities Act. See Release No. 33-7231. The necessary programming already has been initiated and filers should be able to file these documents electronically on a voluntary basis by late 1995 or early 1996. A further announcement will be made when the effective date is determined.

The EDGAR rules apply only to filings made with the Commission; the rules do not affect the obligation of filers to deliver to security holders or potential investors documents such as prospectuses, tender offer materials and proxy or information statements.⁸ As the ability to send and receive information in electronic form has become more prevalent, issuers and other market participants have begun requesting interpretive guidance regarding the electronic delivery of these documents.⁹ Moreover, hundreds of issuers are providing information through electronic means, primarily through computer networks.

Note 8 See Release No. 33-6977 at Section V.F (February 23, 1993) (58 FR 14628).

Note 9 For purposes of this release, the term "electronic" refers to media such as audiotapes, videotapes, facsimiles, CD-ROM, electronic mail, bulletin boards, Internet Web sites and computer networks (e.g., local area networks and commercial on-line services) to provide documents required by the federal securities laws to investors, security holders, and offerees.

Such documents include: prospectuses required to be delivered in connection with offerings under the Securities Act; annual reports to security holders and proxy or information statements required to be furnished pursuant to Section 14 of the Exchange Act (15 U.S.C. 78n); annual and semi-annual reports required by Section 30(d) of the Investment Company Act (15 U.S.C. 80a-29(d)); documents furnished to investors in connection with tender offers or going private transactions; offering circulars delivered in connection with Regulation A (17 CFR 230.251-263) offerings; and disclosure required to be furnished in connection with Regulation D (17 CFR 230.505, 506) offerings (issuers should be mindful of the current prohibition in Rules 505 and 506 regarding general solicitation, see Examples 20 and 21). Other documents may include annual reports on Form 10-K (17 CFR 249.310) and other reports required to be furnished upon request to a security holder or the recipient of a prospectus using incorporation by reference. Additionally, this release addresses the electronic delivery of elective information, such as quarterly reports to security holders and sales literature. But see n. 12, below.

In February 1995, the Commission's Division of Corporation Finance issued an interpretive letter intending to address certain legal issues relating to electronic delivery of prospectuses ("Brown & Wood letter").¹⁰ The Brown & Wood letter established a number of conditions in order for a prospectus to be considered "delivered" electronically. The intention at the time of the release of the Brown & Wood letter was that the Commission would review this area in greater detail after the issuance of the letter with a view toward, through an appropriate release, providing further interpretive advice or proposed rulemaking. Because of these developments, along with the fact that none of the federal securities statutes exclusively require paper delivery of information, the Commission believes that interpretive guidance on the use of electronic media is appropriate. While the Commission anticipates that issuers and others will rely upon the guidance of this release, continued reliance on the generally more stringent requirements of the Brown & Wood letter is no longer required, but would be permissible.

Note 10 See Brown & Wood (February 17, 1995).

This interpretive release addresses only the procedural aspects under the federal securities laws of electronic delivery, and does not affect the rights and responsibilities of any party under the federal securities laws.

¹¹ This release addresses the delivery of information by or on behalf of issuers, as well as by or on behalf of third parties (such as persons making tender offers or soliciting proxies) with respect to issuers.¹²

Note 11 The liability provisions of the federal securities laws apply equally to electronic and paper-based media. For instance, the antifraud provisions of the federal securities laws as set forth in Section 10(b) of the Exchange Act (15 U.S.C. 78j(b)) and Rule 10b-5 (17 CFR 240.10b-5) thereunder would apply to any information delivered electronically, as it does to information delivered in paper. As another example, Section 17(b) of the Securities Act (15 U.S.C. 77q(b)) would apply to any report circulated on the Internet just as if the report were provided in paper.

In addition, this release does not affect any applicable state laws or self-regulatory organization rules. Consequently, issuers and others need to consider the potential application of state law (e.g., state securities laws and business corporation laws) and other rules. At least one state has addressed issues relating to the use of electronic media in securities offerings. Recently, the Pennsylvania Securities Commission issued an order, effective for a period of one year beginning September 1, 1995, exempting from state qualification requirements securities offers made on the Internet where: 1) the offer indicates directly or indirectly that the securities are not being offered to persons in Pennsylvania; 2) an offer is not being made to any person in Pennsylvania by other means; and 3) no

sales of the issuer's securities are made in Pennsylvania as a result of the Internet offer. See Order of the Pennsylvania Securities Commission In Re Offers Effected Through Internet That Do Not Result In Sales In Pennsylvania, dated August 31, 1995.

In addition, the North American Securities Administrators Association, Inc., an association of securities commissioners from each of the 50 states, the District of Columbia, Puerto Rico, Mexico, and several Canadian provinces, has a committee that is addressing various issues, including jurisdictional authority, surrounding the use of electronic media in the offering of securities across state lines.

The National Association of Securities Dealers, Inc. recently reminded its members of the applicability of its Rules for Fair Practice to electronic communications. See Special Notice to Members, 95-80, September 26, 1995.

Note 12 Although Section 2(10) of the Securities Act (15 U.S.C. 77b(10)) defines "prospectus" to include a writing that "confirms the sale of any security," this release does not authorize transmission of confirmations, as required by Rule 10b-10 under the Exchange Act (17 CFR 240.10b-10) through electronic means. Consequently, while this release anticipates the electronic delivery of Section 10(a) prospectuses (15 U.S.C. 77j(a)), confirmations that are used to satisfy the delivery of a Section 10(a) prospectus, as permitted by Securities Act Rule 434 (17 CFR 230.434), cannot be delivered electronically at this time, unless specifically permitted as discussed below.

Under current interpretations of Rule 10b-10, confirmations may not be delivered electronically unless the Commission has specifically permitted such delivery. The Commission has recognized the use of a facsimile machine to send customer confirmations. Thus, if a customer has a facsimile machine, a broker-dealer would fulfill its confirmation delivery obligation if it sent the confirmation via facsimile transmission. Release No. 34-34962 (November 9, 1994), 60 FR 59612, 59614 n.28. The Commission, acting by delegated authority, also has allowed, under specified conditions, confirmations to be sent by electronic means. See, e.g., Thomson Financial Services (October 8, 1993). Applications for exemption from the requirements under Rule 10b-10 for delivery by paper or facsimile, pursuant to paragraph (e) of the Rule, may be sent to Catherine McGuire, Chief Counsel, Division of Market Regulation, U.S.

Securities and Exchange Commission, 450 Fifth Street, N.W., Mail Stop 5-10, Washington, D.C. 20549.

The Commission has directed the Division of Market Regulation to review this and other rules to determine if and under what conditions electronic delivery of information required by those rules is feasible. The Commission expects that this review will result in the issuance of additional releases relating to these rules.

Additionally, to facilitate further electronic delivery, the Commission proposes in a companion release to codify certain interpretations regarding Commission rules that are premised on the distribution of paper documents. 13 The rules would be revised to make it clear that paper-based requirements relating to font size, bold-face type, red ink, graphics, and mailing may be modified as appropriate for documents delivered in electronic format. 14 The proposals are not intended to affect any substantive requirement.

Note 13 See Release No. 33-7234.

Note 14 See Section III, below.

Given the numerous benefits of electronic media, the Commission encourages further technological research, development and application. The Commission

believes that the use of electronic media should be at least an equal alternative to the use of paper-based media. Accordingly, issuer or third party information that can be delivered in paper under the federal securities laws may be delivered in electronic format./15/ The Commission also expects that paper delivery of information will continue to be made available by issuers and others until such time as electronic media become more universally accessible and accepted, although the Commission recognizes that, for example, various offerings may now be made exclusively through electronic means./16/

Note /15/ See n. 9 and 12, above.

Note /16/ See n. 27, below.

In connection with the June 1995 proposals on permitting the use of abbreviated financial statements in documents delivered to investors,/17/ comment was solicited on whether the increasing availability of disclosure through electronic media warrants reassessment of the current overall regulatory framework./18/ Any comments received on the June 1995 proposals will be evaluated and appropriate action will be considered. By issuing this release in the interim, however, the Commission intends to assist issuers and other market participants in using electronic media to comply with the current regulatory scheme.

Note /17/ Release No. 33-7183 (June 27, 1995) (60 FR 35604).

Note /18/ See Section II.B to Release No. 33-7183.

II. Use of Electronic Media

A. General

The federal securities statutes do not prescribe the medium to be used for providing information by or on behalf of issuers, or by or on behalf of third parties with respect to issuers./19/ The Commission believes that delivery of information through an electronic medium generally could satisfy delivery or transmission obligations under the federal securities laws.

Note /19/ But see n. 12, above.

The federal securities laws, among other purposes, seek to promote fair and orderly markets by requiring the disclosure of material information that enables investors to make informed investment and voting decisions. The extent to which required disclosure is made, as opposed to the medium for providing it, should be most important to the analysis of whether sufficient disclosure has occurred under the securities laws. An electronic medium would not provide an adequate means for the delivery of required disclosure, and thus not serve the statutory purposes, if the medium does not permit effective communication to investors or is practically unavailable./20/

Note 20 Electronically delivered documents must be prepared, updated, and delivered consistent with the provisions of the federal securities laws in the same manner as paper documents. Regardless of whether information is delivered through paper or electronic means, it should, of course, convey all material and required information. If a paper document is required to present information in a certain order, then the electronic document should convey the information in substantially the same order. For example, in an audio or video prospectus, the information required to be on the cover page of a paper prospectus pursuant to Item 501(c) of Regulation S-K (17 CFR 229.501(c)) (e.g., red herring language) must be among the first information presented through the audio or video media.

Information need not be provided solely through one medium. For example,

the Commission anticipates that, for practical reasons, many proxy solicitations would continue to be delivered only in paper by an issuer, while that issuer may choose to deliver other documents, such as an annual report to shareholders ("annual reports") through electronic means.

The Commission believes that the question of whether delivery through electronic media has been achieved is most easily examined by analogy to paper delivery procedures. The Commission would view information distributed through electronic means as satisfying the delivery or transmission requirements of the federal securities laws if such distribution results in the delivery /21/ to the intended recipients of substantially equivalent information as these recipients would have had if the information were delivered to them in paper form./22/ As is the case with paper delivery, there should be an opportunity to retain a permanent record of the information.

Note /21/ Under the various federal securities statutes and rules, there are differing delivery obligations depending upon the context of the requirements. This release does not alter these requirements.

Note /22/ Issuers and other persons required to satisfy delivery requirements should consider establishing record-keeping or other procedures to evidence satisfaction of applicable requirements through electronic means.

Presumably, such procedures would be analogous to comparable procedures followed when a paper document is delivered.

Those providing information also should take reasonable precautions to ensure the integrity and security of that information, regardless of whether it is to be delivered through electronic means or paper, so as to ensure that it is the information intended to be delivered.

B. Guidance Regarding Electronic Delivery

The Commission believes that the analysis of whether an electronic communication is delivered or transmitted for purposes of the federal securities laws should be determined in accordance with the preceding discussion. In making such determination with respect to information communicated, in particular, over the Internet, through on-line services, or through analogous computer networks, the Commission believes that the following concepts discussed in this section reflect issues that should be considered in determining whether applicable statutory requirements have been satisfied.

This release is intended to provide guidance and a degree of certainty regarding the manner in which electronic delivery can be achieved. An issuer or other party that structures its delivery in accordance with the principles and examples set forth below can be assured that it is satisfying its delivery obligations under the federal securities laws. The Commission wishes to emphasize, however, that the factors discussed below are not the only factors relevant to determining whether the legal requirements pertaining to delivery or transmission of documents have been satisfied. If an issuer or third party develops a method of electronic delivery that differs from those discussed below, but provides assurance comparable to paper delivery that the required information will be delivered, that method may satisfy delivery or transmission obligations. The ultimate responsibility for satisfying the applicable statutory requirements remains with the issuer or other party to whom the law assigns the responsibility.

Notice. When an issuer delivers a paper document through the postal mail, the investor will most likely be made aware that new information exists and that the investor might have to take some action within a certain period of

time. The Commission believes that those providing electronic information should consider the extent to which the electronic communication provides timely and adequate notice to investors that information for them is available and, if necessary, consider supplementing the electronic communication with another communication that would provide notice similar to that provided by delivery in paper. If an electronic document itself is provided--for example, on computer disk, CD--ROM, audio tape, videotape, or e-mail--that communication itself should generally be sufficient notice. If the document is provided on an Internet Web site, however, separate notice would be necessary to satisfy the delivery requirements unless the issuer can otherwise evidence that delivery to the investor has been satisfied or the document is not required to be delivered under the federal securities laws./23/

Note /23/ For example, in an offering, notice of an updated or final prospectus and/or the updated or final prospectus itself need not be sent at all, through any means, to persons who have received an electronic preliminary prospectus, but to whom securities are not expected to be sold.

Of course, the final prospectus would have to be delivered, through electronic means or otherwise, to those investors to whom securities are sold.

Access. When a document is delivered through the postal mail, a recipient generally is provided with access to the required disclosure. The Commission believes that recipients who are provided information through electronic delivery should have comparable access; consequently, the use of a particular medium should not be so burdensome that intended recipients cannot effectively access the information provided./24/ Moreover, as is the case with a paper document, a recipient should have the opportunity to retain the information or have ongoing access equivalent to personal retention./25/

Note /24/ For example, if an investor must proceed through a confusing series of ever-changing menus to access a required document so that it is not reasonable to expect that access would generally occur, this procedure would likely be viewed as unduly burdensome. In that case, delivery would be deemed not to have occurred unless delivery otherwise could be shown.

There are some circumstances where burdensome procedures may be appropriate. See Example 48.

Note /25/ In many cases, the investor will be able to download the document from the electronic medium, which is sufficient to satisfy this need.

If disclosure is made available by posting it on the Internet, making it available through on-line services, or making it available by similar means, the document should be accessible for as long as the delivery requirement applies./26/

Note /26/ For example, after a paper preliminary prospectus has been provided, issuers make the most recent version of the prospectus available to all persons to whom they expect to sell. If an issuer posts electronically a preliminary prospectus on its Web site, the prospectus should be updated to the same degree as paper and be available to all persons to whom the issuer expects to sell securities in reliance on the electronic delivery of the prospectus. It likely would not be sufficient to show effective delivery if the information was merely posted for a brief period of time and then taken off the Web site, absent some other showing that delivery of the updated prospectus actually had occurred. In the case of a continuous offering, the prospectus should remain available for as long as the issuer will rely on its delivery through the electronic system. Annual reports should be available electronically for a sufficient length of time for delivery to be satisfied.

In the case of proxy soliciting materials regarding the election of directors, investors might reasonably expect the proxy soliciting materials

and annual report to be available on the Web site until their votes have been cast and the meeting adjourned.

Finally, because of possible system failures, computer incompatibilities, and those cases, for example, where consents are used in connection with the delivery of information electronically and the person providing the consent revokes it, a necessary precaution given the current state and use of communications technology is that issuers must be able to make available paper versions of documents delivered in an electronic medium. Specifically, the Commission believes that, as a matter of policy, where a person has a right to receive a document under the federal securities laws and chooses to receive it electronically, that person should be provided with a paper version of the document if any consent to receive documents electronically were revoked or the person specifically requests a paper copy (regardless of whether any previously provided consent was revoked)./27/

Note /27/ This policy would not preclude an issuer from structuring its offering as one that will be made only through electronic documents. However, companies conducting initial public offerings must consider prospectus delivery requirements for secondary market trading under Securities Act Rule 174 (17 CFR 230.174).

Further, if a potential investor makes it known that the receipt of information through electronic means by that person is no longer to be relied upon by the issuer (for example, due to the revocation of a consent previously given), then the issuer would not be able to rely on the ~~electronic delivery of information subsequently to provide information to~~ such person. If such subsequent information is required to be provided under the federal securities laws to such person because, for example, the person is now a shareholder and is entitled to receive a proxy statement then, absent some alternative, the issuer would be required to deliver the information through paper.

C. Evidence To Show Delivery

Providing information through postal mail provides reasonable assurance that the delivery requirement is satisfied. The Commission believes that issuers and others providing electronic delivery of information should similarly have reason to believe that any electronic means so selected will result in the satisfaction of the delivery requirements. Examples of procedures evidencing satisfaction of the delivery requirements include: (1) obtaining an informed consent from an investor to receive the information through a particular electronic medium²⁹ coupled with assuring appropriate notice and access, as discussed above; (2) obtaining evidence that an investor actually received the information, for example, by electronic mail return-receipt or confirmation of accessing, downloading, or printing (see example 36); (3) disseminating information through certain facsimile methods (see example 32); (4) an investor's accessing a document with hyperlinking to a required document (see examples 15 and 35); and (5) using forms or other material available only by accessing the information (see examples 31 and 33).

Note 28 For example, broker-dealers, banks, associations and other fiduciary entities may have delivery obligations to forward proxy soliciting materials and annual reports to shareholders under Exchange Act Rules 14b-1 and 14b-2 (17 CFR 240.14b-1 and 240.14b-2). See Example 29.

Note 29 If a consent is used, the consent should be an informed consent.

Recipients generally should be apprised: that information provided would be available through a specific electronic medium or source (e.g., via a limited proprietary system, or at a World Wide Web site); of the potential that investors may incur costs (e.g., on-line time); and of the period during, and the documents for, which the consent will be effective. For instance, investors should be made aware of whether the consent extends to more than one type of document. If an investor revokes a consent that

extends to more than one document, and consent is being relied upon by the provider of the information to ensure effective delivery or transmission, future documents should be delivered in paper unless the provider of the information has an alternative mechanism for ensuring effective electronic delivery. If not, it would appear likely that continued electronic delivery, after revocation of the consent, would not be considered to result in the investor's having access to the information and, therefore, the delivery requirement would not be satisfied.

Moreover, an issuer could rely on consents provided to an underwriter, a brokerage firm or other service provider. Similarly, an underwriter or brokerage firm could rely on a consent that its customer provided to the issuer, and deliver that issuer's documents through the same electronic medium.

Information may be provided through more than one medium; for example, proxy statements and proxy cards might continue to be delivered in paper while prospectuses might be delivered electronically. If the recipient of information provides a general consent to receive all documents electronically, it would be permissible for a provider of information to attempt to accommodate that request if the provider so desired.

The Commission requests comment on these concepts and on whether additional or alternative concepts would be more useful.

D.—Examples

A series of examples is provided below to illustrate various applications of the above concepts and to provide guidance in applying them to specific facts and circumstances. The analysis required to determine compliance with the delivery requirements is fact-specific, and any different or additional facts might require a different conclusion. Although this interpretation is effective immediately, the Commission requests comment on whether other examples might be appropriate for publication in a subsequent release.

Securities Act

(1) Company XYZ places its final prospectus on its Internet Web site.

Company XYZ then confirms by mail the sale of securities to investors with a note stating that the final prospectus is available on its Web site and giving the Internet location of the Web site.

Unlike paper delivery of a final prospectus where access to the document can be presumed with delivery, not all investors purchasing securities could be presumed to have the ability to access the final prospectus via an Internet Web site. Therefore, absent other factors such as express consent from the investor or an investor's actually accessing the document on the Web site, the procedures described above by themselves would not satisfy the delivery requirements under the Securities Act.

(2) Company XYZ places its final prospectus on its Internet Web site.

Company XYZ then confirms by mail the sale of securities to those investors who have consented to electronic delivery via the Company's Internet Web site. A note on the bottom of the confirmation 30 states that the final prospectus is available on its Web site and the Internet location of the Web site.

Note 30 A separate document accompanying the confirmation also may be used.

This would satisfy delivery obligations, as it is reasonable to presume that investors who have consented to delivery of the final prospectus via

an Internet Web site have the ability to access the final prospectus once such investors are supplied with notice of the Internet location of the Web site.

(3) While reviewing Company XYZ's preliminary prospectus on its Internet Web site, Investor John Doe consented to delivery of all future documents only through electronic mail, not by Web site access. Company XYZ subsequently places its final prospectus on its Internet Web site. Company XYZ then confirms by mail the sale of securities to John Doe. A note on the bottom of the confirmation states that the final prospectus is available on its Internet Web site and the location of that Web site.

Again, absent other factors such as John Doe's actually accessing the final prospectus on the Web site, the above-stated procedure of Company XYZ would not by itself satisfy the obligations to deliver the final prospectus to John Doe, as John Doe consented to delivery only by electronic mail, not via an Internet Web site. If consent is to be relied upon, the consent should indicate the specific electronic medium or media that may be used for delivery.

(4) While reviewing Company XYZ's preliminary prospectus on its Internet Web site, Investor John Doe consented to delivery of all future Company documents by 3 1/2" floppy disk. Company XYZ places its final prospectus on its Internet Web site. Company XYZ then confirms by mail the sale of securities to John Doe. A 3 1/2" floppy disk containing the final prospectus is included with the confirmation.

~~This would satisfy the obligation to deliver the final prospectus to John Doe, since the Company included with the confirmation the final prospectus on a 3 1/2" floppy disk.~~

(5) Investor John Doe consents to delivery of all documents electronically via Company XYZ's Web site. Two days after consenting, John Doe realizes that the online service he subscribes to does not allow Internet access. John Doe notifies Company XYZ that he is revoking his consent for any electronic delivery as he is not able to access the Company's Internet Web site. Three weeks later, John Doe receives in the mail a confirmation of his purchase of Company XYZ's securities stating the Internet location of the Company's Web site where the final prospectus can be obtained.

Since John Doe revoked his consent for electronic delivery, the Company's notice to John Doe is insufficient because the Company knows that its attempted delivery through the Internet will not satisfy the statutory requirements for John Doe. A final paper prospectus would have to be delivered to John Doe instead. Although a consent is revocable at any time, revocation would have to be given to the company or its agent a reasonable time before electronic delivery has commenced for the company to be on notice that electronic delivery will not satisfy the statutory requirements.

(6) Company LMN, a non-reporting issuer, commences an initial public offering. Company LMN agrees with its underwriter, Brokerage Firm DFG, to place its preliminary prospectus on the Company's Internet Web site at least 48 hours prior to confirmations being sent. Investors John and Jane Doe are both expected to purchase securities in the Company's initial public offering. Both John and Jane Doe previously provided Company LMN with consents for electronic delivery through the Company's Internet Web site.

Brokerage Firm DFG, pursuant to its prospectus delivery obligation under Exchange Act Rule 15c2-8(b),³¹ provides notice to John and Jane Doe at least 48 hours prior to sending them confirmations.

Note 31 17 CFR 240.15c2-8(b).

The underwriter may satisfy its obligation under Rule 15c2-8(b) to John and Jane Doe by this means since both have consented to electronic delivery through the Company's Internet Web site. Although consent was not provided directly to the underwriter, the underwriter can rely on the consent supplied to the Company. Similarly, had the consent been provided to the underwriter, the Company could rely on it as well.

(7) Company ABC contracts with Company QRS, a computer technology company, to place its preliminary and final prospectuses on Company QRS's Internet Web site. Investor John Doe requests a copy of Company ABC's preliminary prospectus via electronic mail from Company ABC's underwriter, Brokerage Firm DFG. The underwriter sends a return electronic mail to John Doe asking if he would like the electronic or paper version of the preliminary prospectus.

John Doe replies that the **electronic version** via the Internet Web site would be preferable. The underwriter then informs John Doe of the Internet location of Company QRS's Web site where the preliminary **prospectus** for Company ABC is available.

This would satisfy Brokerage Firm DFG's obligation to take reasonable steps to furnish to any person making a written request for a prospectus a copy of such prospectus.³² John Doe's request for the **electronic version** via the Internet indicates that such electronic delivery would be effective.³³

Note 32 Exchange Act Rule 15c2-8(c), (d) (17 CFR 240.15c2-8(c), (d)).

Note 33 In Release No. 34-35705 (May 11, 1995) (60 FR 26604), the Commission stated that a managing underwriter may discharge its obligations pursuant to Rule 15c2-8(g) or (h) by delivering a prospectus (or any portion thereof) electronically to a participating broker-dealer, if the recipient broker-dealer expressly consents to delivery in such form, consistent with the Brown & Wood letter. As reflected in that release and as further discussed in this release and Examples 6 and 7 above, it is the Commission's view that broker-dealers may use a variety of means to satisfy the prospectus delivery obligations of Rule 15c2-8, including electronic delivery.

(8) Company XYZ sends the final prospectus via electronic mail to those investors that previously had requested delivery by electronic mail.

The Company would meet its delivery obligation with this procedure.

(9) Company XYZ places a preliminary prospectus on its Internet Web site. After a material amendment to the registration statement, it is determined that recirculation of an updated prospectus will be required prior to effectiveness. Company XYZ updates the preliminary prospectus on its Web site.

The Company need only send notice of the update to those investors who are expected to purchase securities in the offering (or takes other measures to deliver the information to those investors). There is no need to send notice to individuals who are not expected to purchase securities in the offering.

(10) Company XYZ places its final prospectus on its Internet Web site. Its underwriters mail confirmations of sales to all purchasers. At the same time the confirmations are mailed, the underwriters send via electronic mail notice of the location of the Internet Web site where the final prospectus is available. Notice is sent to all investors who had consented to electronic delivery via an Internet Web site and who provided their electronic mail addresses for purposes of being notified. To those investors that did not provide an electronic mail address but did consent to electronic delivery of the final prospectus, the underwriters mailed the notice of the location of the Internet Web site with the confirmation.

As the notice made investors aware of the availability and location of the electronic document, the delivery requirement would be satisfied.

(11) Company XYZ posts its final prospectus for sale of its common stock on its Internet Web site. Company XYZ's stock is traded on the New York Stock Exchange (NYSE). The NYSE requests 300 paper copies of Company XYZ's final prospectus pursuant to Securities Act Rule 153.34 Rather than sending 300 copies of its final prospectus to the NYSE, Company XYZ provides the NYSE with notice of its Internet Web site, where the final prospectus can be accessed and downloaded.

Note 34 17 CFR 230.153.

This would be insufficient delivery under Securities Act Rule 153. Company XYZ must supply the 300 paper copies to the NYSE. The NYSE must be in the position to provide paper copies of Company XYZ's final prospectus because there is no reasonable expectation that delivery would otherwise be satisfied with regard to investors who do not use any electronic means to receive information. The NYSE would, however, satisfy its delivery obligations with respect to any investor who received delivery of the information through electronic means.

(12) Company XYZ places its preliminary prospectus on its Internet Web site. Upon effectiveness of its registration statement, the Company decides to deliver a term sheet pursuant to Securities Act Rule 434. The term sheet, however, will not be placed on the Company's Web site, but will be ~~delivered in paper format with confirmation of the sale to all investors.~~

Delivery of a mixed medium final prospectus would satisfy delivery obligations. Generally, if investors received the preliminary prospectus electronically, issuers are encouraged to deliver all documents that constitute the final prospectus in electronic format. However, confirmations cannot be furnished electronically unless the Commission has specifically approved such delivery.³⁵

Note 35 See n. 12, above.

(13) Company XYZ wants to deliver to investors a CD-ROM version of its prospectus. The CD-ROM version includes within the prospectus a movie illustrating the Company's operations. Investors viewing the CD-ROM prospectus would not have to exit the prospectus in order to view the movie, as the movie is actually a part of the prospectus.

While Company XYZ may include the movie as part of the prospectus, it would need to file with the Commission as an appendix to the prospectus the script of the movie and a fair and accurate narrative description of the graphic or image material just as it would have to supplementally provide to the Commission scripts and descriptions of such material in sales material.

(14) Company XYZ places a copy of its final prospectus on its Internet Web site. The electronic final prospectus will remain there throughout the period for which delivery is required. Company XYZ also places supplemental sales literature on its Internet Web site. Both the sales literature and the prospectus can be accessed from the same menu, are clearly identified on, and appear in close proximity to each other; ³⁶ the supplemental sales literature may be accessed before viewing or downloading the prospectus.

Note 36 In this example, the prospectus is accessible on the same menu as the supplemental sales literature; consequently, the existence of the prospectus and its location are readily ascertainable by the investor viewing the sales literature.

Sales literature, whether in paper or electronic form, is required to be

preceded or accompanied by a final prospectus.³⁷ In this example, the prospectus would accompany the sales literature since investors can access both the prospectus and sales literature from the same menu. The sales literature and final prospectus should appear in close proximity to each other on the menu. For example, the sales literature should not be presented on the first page of a menu while the final prospectus is buried within the menu.

Note 37 Section 5(b) of the Securities Act.

(15) Company XYZ places its sales literature in a discussion forum located on the Internet World Wide Web. The sales literature contains a hyperlink to the Company's final prospectus. While viewing the literature the individual can click on a box marked "final prospectus," and almost instantly the person will be linked directly to the Company's Web site and the final prospectus will appear on the person's computer screen.

Sales literature, whether in paper or electronic form, is required to be preceded or accompanied by a final prospectus. The hyperlink function enables the final prospectus to be viewed directly as if it were packaged in the same envelope as the sales literature. Therefore, the final prospectus would be considered to have accompanied the sales literature. Consequently, the placing of sales literature in a discussion forum on a Web site would satisfy delivery obligations provided that a hyperlink that provides direct access to the final prospectus is included.

(16) ~~Company XYZ places a preliminary prospectus on its Internet Web site~~ and provides direct access via a hyperlink to a research report on the Company written by ABC Corporation, a registered brokerage firm. The investor reviewing the preliminary prospectus can click on a box marked "ABC's research report" and the investor will be linked to the brokerage firm's Web site where the research report is available.

The hyperlink function provides the ability to access information located on another Web site almost instantaneously. This direct and quick access to ABC's research report would be similar to the Company including the paper version of the research report in the same envelope that it is using to mail the paper version of the preliminary prospectus to potential investors.

During the waiting period, the Company may make offers only through the use of a preliminary prospectus,³⁸ whether in paper or electronic format; therefore, its use of the research report under these circumstances would not be permissible.

Note 38 Section 5(b) of the Securities Act.

(17) Company XYZ places its final prospectus on its Internet Web site. The Company then mails sales literature to individuals for whom delivery through the Internet Web site was effective (regardless of whether the individuals consented to delivery). Similarly, Brokerage Firm ABC mails Company XYZ sales literature to its customers for whom delivery through the Internet Web site was effective (regardless of whether the individuals consented to delivery).

In the forepart of Company XYZ's sales literature is notice of the availability and Internet Web site location of its final prospectus.

The mailing of sales literature to these individuals is permissible, provided that notice of the availability of the final prospectus and its Internet Web site location accompanies or precedes the sales literature. When notice is included within sales literature, it should be in the forepart of the literature and clearly highlighted to make investors aware of the availability and location of the final prospectus.

(18) Company XYZ places a tombstone advertisement complying with Securities Act Rule 134 39 on its Internet Web site.

Note 39 17 CFR 230.134.

This would be permissible, provided that the advertisement otherwise complies with Rule 134.

(19) Company XYZ files a registration statement with the Commission. The Company then places a "tombstone" advertisement in accordance with Securities Act Rule 134 in the Wall Street Journal. In the advertisement the Company includes the name and address of the underwriter from whom a paper prospectus can be obtained as well as the location of its Internet Web site where an electronic prospectus can be obtained.

This inclusion of an electronic address for obtaining the materials in this "tombstone" advertisement would be permissible under Rule 134. (Similarly, an advertisement made pursuant to Rule 14a-2(a)(6) 40 indicating the availability of proxy soliciting materials and the location of an Internet Web site where electronic proxy soliciting materials could be obtained would be permissible.)

Note 40 17 CFR 240.14a-2(a)(6).

(20) Company XYZ wants to raise \$5 million by selling its common stock in a private placement pursuant to Securities Act Rule 506 of Regulation D. ~~The Company places its offering materials on its Internet Web site, which~~ requires various information from a person attempting to access the materials to be provided to the Company prior to displaying the offering materials.

The placing of the offering materials on the Internet would not be consistent with the prohibition against general solicitation or advertising in Rule 502(c) of Regulation D.⁴¹ Where prospective purchasers have been otherwise located without a general solicitation, a proprietary computer service could be used to deliver required disclosure documents.

Note 41 17 CFR 230.502(c). In Release 33-7185 (June 27, 1995), the Commission solicited comment on the question of whether the prohibition against general solicitation in Regulation D offerings should be reconsidered.

(21) Company XYZ wants to raise \$5 million by selling its common stock in a private placement pursuant to Rule 506 of Regulation D to certain individuals who have been located without a general solicitation. The Company transmits the offering materials via electronic mail addresses provided by these persons.

This would not be inconsistent with the offering restrictions in the rule.

(22) Company XYZ pays John Doe \$10,000 to write a report about the Company and post the report on the Internet. John Doe writes the report and places it on the Growth Companies Investment Bulletin Board located on the Internet.

The report does not disclose the \$10,000 that the Company paid John Doe.

The Securities Act requires that the \$10,000 compensation paid by Company XYZ to John Doe be disclosed in the report, regardless of whether it is in electronic or paper form.⁴²

Note 42 Section 17(b) of the Securities Act.

Exchange Act

(23) Company XYZ places its annual report and proxy soliciting materials on its Internet Web site. The Company then sends notice to all its record holders that its annual report and proxy soliciting materials are available on its Internet Web site along with the Internet location of the Web site and a telephone number that shareholders may call to request a paper copy.

Similar to Example (1), a company should not presume that all record holders have the ability to access the annual report and proxy soliciting materials via an Internet Web site. Therefore, absent other factors such as a consent from, or actual access by, a Company shareholder, posting of the annual report and proxy soliciting materials via the Company's Internet Web site would be insufficient to constitute delivery to all record holders. The Company, however, may place the materials on its Web site, but in this instance, it also would need to furnish paper copies of the materials to its record holders.

(24) In January 1995, Company XYZ places a copy of its final prospectus on its Internet Web site. The prospectus will remain there throughout the period for which delivery is required. Prior to viewing the final prospectus, Investor John Doe provides an express consent to the delivery of the prospectus and all future documents related to the offering via Company XYZ's Web site. Investor John Doe subsequently purchases the securities. In connection with its May 1995 annual meeting, Company XYZ places proxy soliciting materials on its Web site and places an advertisement in the Wall Street Journal indicating that its proxy materials are now available on its Web site.

This advertisement by itself, even coupled with the express consent that related to the offering documents, is insufficient for the company to assume that it has delivered its proxy statement to Investor John Doe. Although John Doe had provided consent to receiving documents electronically, there is no reason to believe that notice provided in the Wall Street Journal would make John aware of the availability of the proxy materials. Company XYZ must provide more direct delivery or notice to John Doe of the proxy materials.

Notice by publication in a newspaper or on a Web site or bulletin board is insufficient.

(25) In September 1994, John Doe, a shareholder in Company XYZ, requests all future corporate communications including proxy statements and annual reports to shareholders ("annual report") to be delivered electronically through the Company's Internet Web site. The consent form states that Company XYZ expects that its annual report and proxy materials for its annual meeting will be available on its Web site on April 1, 1995. On April 1, 1995, the Company places its annual report and proxy soliciting materials on its Web site.

Unlike the delivery of paper annual reports and proxy soliciting materials, where the mere appearance in the mail of such materials places the shareholder on notice within close proximity to the time when shareholder action is requested, the advance request in this example, without more, may not be close enough in time to the requested action to be effective. However, if the Company reasonably expects for other specific reasons, such as a history of communications with that shareholder, that the shareholder would have effective delivery of the information through the Web site, then the procedure could be acceptable.

(26) Record holder Jane Doe consents to delivery of all documents via Company XYZ's Web site. On April 1, 1995, Company XYZ provides notice to Jane Doe that its annual report and proxy materials are available on its Web site for its annual meeting scheduled to be held on May 5, 1995. On April 5, 1995, Jane Doe notifies the Company that her computer is broken and requests a paper copy of the annual report and proxy materials.

Because Jane Doe's notice to the Company indicates that electronic delivery will be ineffective, the Company should provide Jane Doe with paper copies of the annual report and proxy materials within a reasonable time of her request. She does not need to withdraw her consent in order to receive the paper copies.

(27) Company XYZ places its quarterly report to shareholders and Forms 8-K on its Internet Web site and advertises the location of its Web site in the Wall Street Journal. The Company takes no other action to deliver these materials to shareholders.

This would be permissible, since there generally is no requirement to deliver such materials to shareholders at all.

(28) Company XYZ places its annual report and proxy soliciting materials for the election of directors on its Internet Web site and provides notice to all record holders that previously had consented to electronic delivery via the Company's Web site. The record holders are instructed to print the proxy card, execute the proxy and then mail it back to the Company.

This would be consistent with the proxy rules.

(29) Brokerage Firm ABC solicits its customers who are beneficial owners of Company XYZ to determine whether they would like to receive Company XYZ's annual report and proxy soliciting materials electronically via the Internet rather than in paper. The Brokerage Firm then informs the Company that 100 beneficial holders would like to receive the materials electronically and 200 beneficial holders would prefer paper materials.

The Company provides the Brokerage Firm with the location of its Internet Web site where the materials are posted and copies of its paper documents for the 200 beneficial owners who do not wish to receive the electronic delivery.

The Brokerage Firm then forwards the notice of the location of the electronic materials to those beneficial holders who consented to receive electronic delivery and forwards the paper materials to those who did not.⁴³

Note 43 Exchange Act Rule 14b-1. This example also is applicable to delivery by banks and other entities pursuant to Rule 14b-2.

This would be consistent with the proxy rules.

(30) Company XYZ wishes to produce its annual report on videotape and CD-ROM. The videotape and CD-ROM will contain all the material information disclosed in the glossy annual report. Before distributing the Company's annual report, the Company sends a letter asking its shareholders whether they would be interested in receiving the Company's annual report on videotape or CD-ROM instead of paper. The Company then sends the videotape version of its annual report to its shareholders who wish to receive the videotape and the CD-ROM version to those shareholders who wish to receive the CD-ROM. The paper glossy annual report is sent to those shareholders who do not wish to receive either electronic format.

The federal securities laws do not preclude the delivery of a document through different media.

Mutual Funds

The Commission is aware that investment companies, particularly open-end investment companies ("mutual funds" or "funds") have been active in using electronic means to communicate with their shareholders and prospective investors.⁴⁴ Given the extent to which funds have embraced the new technologies, the Commission believes that it is appropriate to include the following additional examples, which are tailored to the fund industry.

Unless otherwise noted, however, investment companies other than mutual funds and other corporate issuers or third parties may use these examples for guidance as well.

Note 44 See E. Savitz, "Let A Thousand Web Site Bloom," Barron's, June 26, 1995, at 50.

Examples

(31) A fund sends an e-mail to a recipient with a prospectus attached. The prospectus file includes an application form. The recipient fills out the form and mails it with a check to the fund.

Delivery of the prospectus may be inferred from the recipient's use of the form (provided the fund can identify it as coming from the electronically transmitted prospectus).

(32) A current prospectus is faxed to a potential investor who has requested the prospectus and provided the phone number of the fax machine.

This transmission satisfies the prospectus delivery requirements.

(33) A current prospectus and an application are faxed to a potential investor. The investor did not request the fax, but the sender knows the investor's fax machine phone number.

If the investor completes and mails in the application form included in the faxed prospectus, delivery of the electronic prospectus may be inferred.

(34) A fund sends an unsolicited e-mail with a prospectus attached in one file, and supplemental sales literature in a separate file. The investor can access the sales literature and the prospectus with equal ease.

The fund may send the supplemental sales literature in this fashion.⁴⁵ Electronic delivery of the prospectus may be inferred even if the prospectus is not accessed. This would be analogous to an investor receiving by mail a prospectus and supplemental sales literature in the same envelope and electing to review the sales literature, but not the prospectus.

Note 45 Sections 2(10)(a) and 5(b) of the Securities Act.

(35) A fund posts its supplemental sales literature and prospectus on a file server for open access over the Internet. The supplemental sales literature contains hyperlinks to the fund's electronic prospectus and includes a caption referring the investor to the prospectus. The investor would not need any additional software or need to take burdensome steps to access the prospectus and thus has reasonably comparable access to both documents. This system also provides for the downloading or printing of prospectuses and sales literature. An investor would not be required to retrieve, download, or print a prospectus before viewing the sales literature. The system does not require any consent by its users.

When a user accesses the supplemental sales literature, electronic delivery of the prospectus can be inferred. This scenario is analogous to an investor's selecting an envelope containing a paper prospectus and supplemental sales literature from a display at an office of a broker-dealer.

This electronic delivery of the prospectus would be sufficient for other purposes if the fund could reasonably establish that the investor has actually accessed the sales literature or the prospectus.

(36) A prospectus is made available through an on-line system that allows users to access, download or print the entire prospectus and has the capacity to track which users accessed, printed or downloaded which documents.

A fund may rely upon a user's having accessed, printed or downloaded a prospectus for the fund in order to deliver supplemental sales literature or an order form for the fund or to establish delivery of the prospectus in connection with a sale of fund shares.

(37) A fund's prospectus is available through an on-line service that does not have the capacity for downloading or printing or to track retrieval by a user. Investors do not provide any consent. The fund mails or e-mails supplemental sales literature, or an application to all of the service's subscribers, without including a prospectus.

Absent other factors that would indicate delivery of the prospectus, the fund may not send the supplemental sales literature or an application in this fashion, because it is not preceded or accompanied by the prospectus for purposes of Section 2(10)(a) of the Securities Act.⁴⁶ This would be true even if the general subscription agreement for the service contained a provision consenting to receipt of documents, because such consent would not be sufficient to give the fund reason to believe that delivery requirements relating to the prospectus will actually be satisfied.

Note 46 This is analogous to printing a fund prospectus in a magazine of general circulation and subsequently mailing supplemental sales literature to the magazine's subscribers, which would not comply with Sections 2(10) and 5(b) of the Securities Act. See William C. Lloyd (State of Wisconsin), June 7, 1990.

(38) A server available through the Internet contains a fund's prospectus and application form in separate files. Users can download or print the application form without first accessing, downloading or printing the prospectus; the form includes a statement that by signing the form, the investor certifies that he or she has received the prospectus. Logistically it is significantly more burdensome to access the prospectus than the application form (e.g., the investor needs to download special software before accessing the prospectus).

The statement in the form about receipt of the prospectus would not by itself constitute electronic delivery of the prospectus, and the application form is not evidence of delivery of the prospectus, given the need to download special software before the prospectus can be viewed.

(39) A server available through the Internet contains a fund's prospectus. Users must download the prospectus to view or print it. When a user downloads the prospectus, the user receives the prospectus and an application form in separate files. It is not significantly more burdensome to access the prospectus than the application form (e.g., no additional software is necessary to read either document, although the documents may be in different formats).

If the fund can identify the application form as coming from the electronic system, electronic delivery of the prospectus can be inferred. The application form is evidence of delivery of the prospectus.

(40) A fund's prospectus and application form are available through an electronic system like that described in the preceding example, except that the investor needs to download special software before the prospectus and application form can be downloaded.

If the fund can identify the application form as coming from the electronic system, electronic delivery of the prospectus can be inferred.

The application form is evidence of access to the prospectus.

(41) A fund sends an e-mail with an attached file containing an advertisement satisfying the requirements of Securities Act Rule 482./47/ Note /47/ Rule 482 (17 CFR 230.482) permits a registered investment company or business development company to use an "omitting prospectus" advertisement that contains only information the substance of which is included in the company's Section 10(a) prospectus.

There is no prospectus delivery requirement in this context; a Rule 482 advertisement need not be preceded or accompanied by a prospectus.

(42) A fund transmits prospectuses over an electronic bulletin board. Investors provide specific consent to receipt of the prospectus through that system. The consent states that the current version of the prospectus will be made continuously available and notice of material amendments will be given by mail, e-mail, or some other manner specifically directed to investors.

The prospectus delivery requirements will be satisfied with respect to subsequent additional purchases by those investors.

(43) A fund places its prospectus on its Internet Web site and revises the **electronic version** whenever the **prospectus** is modified. The fund materially amends the **prospectus** and decides to send a postcard or e-mail to persons to whom the **prospectus** has been delivered through electronic means or ~~who have consented to electronic delivery~~ notifying them of the availability of the amended **prospectus**.

This procedure provides for delivery of the prospectus to those who have consented and to those to whom the prospectus has been previously delivered (if the fund expects those persons to be able to receive the amended prospectus). Alternatively, the fund could choose to satisfy its prospectus delivery requirements by sending a paper copy of the amended prospectus to investors in the fund, including investors who consented to receive documents electronically.

(44) A fund places its prospectus on its Internet Web site. Potential investor John Doe obtains access to the prospectus. John Doe does not purchase shares in the fund. Subsequently, the prospectus is amended. The fund does not need to provide John Doe with notice of the amendment.

(45) A fund puts proxy solicitation materials on the fund's server on the World Wide Web. At the same time, the fund sends out postcards or e-mail messages (with investors having consented to receive notification by e-mail) giving notification that the proxy materials are available. Investors have signed up to receive documents through the server.

This would be consistent with the proxy rules.

(46) A fund transmits annual and semi-annual reports over an electronic bulletin board system. The fund makes the current versions of these materials available and informs investors who have consented to electronic delivery of this fact. The fund provides separate notification each time a shareholder report is posted by including the notification in the preceding quarterly account statement or shareholder newsletter. The notice informs investors of a date by which the report will be available.

Notification to shareholders in a statement or newsletter delivered within the preceding quarter would be considered sufficient notice under Section 30(d) of the Investment Company Act /48/ and the rules thereunder to constitute delivery.

(47) A fund sends investors upon request a CD-ROM containing its current prospectus and registration statement materials for the fund's offering. This would provide delivery to investors./49/

Note /49/ The analysis would be the same if an investor requests and receives information on a diskette.

(48) Prospectuses and other materials are available through a computer server that requires users to obtain a user ID and password before they can access documents on the system. The process for obtaining the ID and password requires significant information from the user and involves a delay of one day or even several days before the user can access the system. After a user accesses a prospectus, a fund sends him or her supplemental sales literature.

The process provides for delivery of the prospectus. Although the system imposes burdens in the process for obtaining access to the prospectus, these burdens are part of the process of providing access to all the information, including the supplemental sales literature, and not burdens upon access to the prospectus that is delivered.

(49) A prospectus is made available through an on-line system that allows users to download the entire prospectus. The system does not permit on-line viewing. An investor downloads the prospectus.

Assuming downloading, this method would satisfy the delivery requirements because on-line viewing is not a prerequisite to electronic delivery.

(50) A fund provides its prospectus, annual and semi-annual reports through an Internet Web site. After one year, the fund decides to terminate the Web site.

The fund may cease making its prospectus available through the Web site as soon as the fund no longer plans to rely on electronic delivery for satisfying its prospectus delivery requirements./50/ Generally, an annual or semi-annual report should be available until superseded by a later report.

The fund in this example could terminate the posting of the most recent report when it is superseded by a new one, or earlier if it provides a replacement paper copy to shareholders who received the report electronically.

Note /50/ Continued sales of fund shares or delivery of sales literature or application forms to investors who had received the prospectus electronically would require delivery of paper prospectus to those investors. Funds should consider whether paper prospectuses should also be sent to other investors (e.g., recent purchasers).

(51) The text of a fund's prospectus transmitted electronically on a CD-ROM or an Internet Web site follows the sequence requirements of Form N-1A./51/ The prospectus includes a summary, which contains hyperlinks that allow the investor to move to later sections of the prospectus or to other documents (e.g., the fund's statement of additional information or annual report). The summary is part of the prospectus text that is subject to the form's sequence requirements.

Note /51/ 17 CFR 274.11A.

Even though the hyperlinks allow an investor to choose to view information out of sequence, the prospectus satisfies the requirements of Form N-1A,